

RECEIVED: <u>10/30/2017</u>	REVIEWER: <u>WAM</u>	TYPE: <u>SWD</u>	APP NO: <u>PMAM173Q336860</u>
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Mesquite SWD, Inc. **OGRID Number:** 161968
Well Name: Scott B SWD #1 **API:** 30-015-44061
Pool: SWD;Devonian - Silver **Pool Code:** 97869

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

SWD-1642-A

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
- A. Location - Spacing Unit - Simultaneous Dedication
 NSL NSP (PROJECT AREA) NSP (PRORATION UNIT) SD
- B. Check one only for [I] or [II]
- [I] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
- A. Offset operators or lease holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

FOR OCD ONLY	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Melanie J. Wilson
Print or Type Name

10/29/2017
Date

575-914-1461
Phone Number

see Application
Signature

mjp1692@gmail.com
e-mail Address

MESQUITE SWD, INC.

**PO Box 1479
CARLSBAD, NM 88221-1479
575-887-0980**

October 30, 2017

Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Attention: Mr. Michael McMillan

Re: Order No. SWD-1642
API #30-015-44061
Scott B SWD #1

Dear Mr. McMillan:

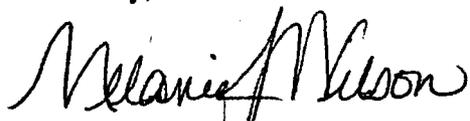
Mesquite SWD, Inc. seeks to amend SWD-1642 which authorizes produced water disposal in the Devonian and Silurian formations through open hole interval 15000 to 16200 feet. We request that this Order be amended to include the Montoya formation in the injection interval with the injection interval being 14152' – 15212'. Attached is a letter from Kay Havenor stating that the Montoya formation will not accept nor yield fluid.

Mesquite SWD, Inc. also requests that SWD-1642 be amended to allow a tapered tubing string, with 5 1/2" tubing inside the surface and intermediate casings and 4 1/2" tubing inside the liner.

Attached is a copy of the completion report that was delivered to Artesia OCD October 27, 2017. Laura said logs would be scanned in this morning.

Thank you for your consideration of this application. Please let me know if there is anything further that you need. I may be reached at 575-914-1461 or by email at mjp1692@gmail.com.

Sincerely,



Melanie J. Wilson
Regulatory Analyst

Kay C. Havenor

Ph.D., Registered Geologist Arizona #30438
Certified Professional Geologist
Environmental - Hydrogeology
Remote Sensing - Resources

Office: 505-624-4518
e-mail kay.havenor@gmail.com
904 Moore Avenue
Roswell, New Mexico 88201

October 27, 2017

New Mexico OCD
Attn: Mr. Michael McMillan
1220 South St. Francis Dr.
Santa Fe, NM 81505

Re: Mesquite SWD, Inc.
Scott B SWD # 1
Sec 23, T24S-R328, Eddy Co.
SWD-1642 API 30-015-44061

Mr. McMillan:

Reviewing data from the above referenced well where the hole penetrated the upper-most 80' of Montoya formation, the mud-log, sample descriptions, depth and rate of drilling, in my opinion, confirm that dense Montoya dolomite will not accept nor yield fluid.

Respectfully,

Kay Havenor

Copy: Mesquite SWD, Inc.

Deborah corrected my wording!

Mesquite SWD, Inc.
Scott B SWD #1
 API #30-015-44061
 274' FSL & 2165' FWL
 Section 23, T24S, R28E, Eddy County, NM

Well Bore Diagram

KB: 2980'
 GL: 2954'

Surface Casing

Size: 20" 133# J-55 BTC
 Set @: 528'
 Sx Cmt: 965
 TOC: Surf
 Hole Size: 26"

Intermediate Casing

Size: 13 3/8" 68# J-55 BTC
 Set @: 2600'
 Sx Cmt: 1800
 TOC: Surf
 Hole Size: 17 1/2"

Production Casing

Size: 9 5/8" 53.5# P-110
 Set @: 9768'
 Sx Cmt: 1925
 TOC: Surf
 Hole Size: 12 1/4"

Liner

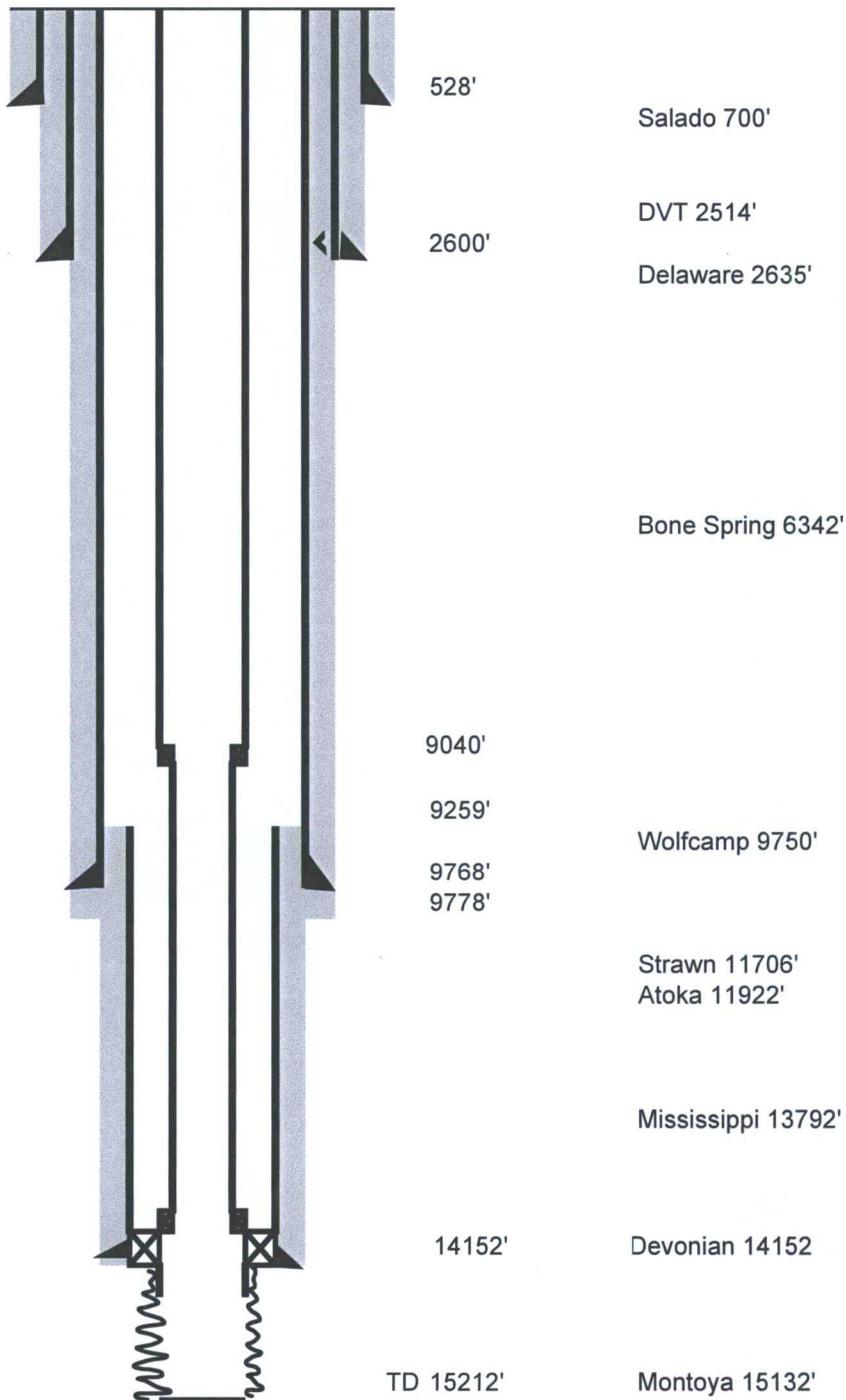
Size: 7 5/8" 39# ECP-110 J-2/STL FJ
 Top: 9259'
 Set @: 14152"
 Sx Cmt: 810
 TOC: 9700'
 Hole Size: 8 1/2"

Open Hole

Interval: 14152 - 15212'
 Hole Size: 6 1/2"

Tubing

5 1/2" 20# JFE Bear Tbg @ 9039
 5 1/2" x 4 1/2" X-Over @ 9040
 4 1/2" 15.1# JFE Bear Tbg @ 14135
 4 1/2" x 5 1/2" X-Over @ 14136
 7 5/8" Dual Bore Permapak Packer @ 14142'
 5 1/2" 20# JFE Bear Tbg @ 14181 (1 jt)
 5 1/2" Wireline Re-entry Guide @ 14182'



Not to Scale

Kay C. Havenor

*Ph.D., Registered Geologist Arizona #30438
Certified Professional Geologist*

**Environmental - Hydrogeology
Remote Sensing - Resources**

Office: 505-624-4518

e-mail kay.havenor@gmail.com
904 Moore Avenue
Roswell, New Mexico 88201

October 30, 2017

Mr. Michael A. McMillan
Engineering Bureau NM OCD
1220 South St. Francis Drive
Santa Fe, NM 87505

Mr. McMillan,

The Mesquite SWD, Inc Scott B SWD-1642 authorized a location of 250' FSL and 2166' FWL of Section 23, T24S-R28E Eddy Co. NM. Due of field conditions, with the surface owners knowledge and consent, the well was positioned 274' FSL and 2165' FWL.

This modification does not affect the original AOR.

Respectfully submitted,

Kay Havenor

McMillan, Michael, EMNRD

From: Kay Havenor <kay.havenor@gmail.com>
Sent: Monday, October 30, 2017 7:11 PM
To: McMillan, Michael, EMNRD
Subject: Re: Mesquite Scott B SWD-1624

Scott B SWD-1624

Mud log data: GL 2954, KB 2980, GL 2954, Miss Lime 13792, Woodford 14046, Devonian 14,152, Fusselman 14,530, Montoya 15,132.

On Mon, Oct 30, 2017 at 9:56 AM, McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us> wrote:

Can you provide the lower MS and Devonian tops

Mike

From: McMillan, Michael, EMNRD
Sent: Monday, October 30, 2017 8:28 AM
To: 'Kay Havenor' <kay.havenor@gmail.com>
Subject: RE: Mesquite Scott B SWD-1624

Kay:
Are you expecting to make any changes to the injection interval?

The approved injection interval is between 15,000` and 16,200`.

I will put your letter into the well file and administrative application.

Thanks

Mike

From: Kay Havenor [<mailto:kay.havenor@gmail.com>]
Sent: Friday, October 27, 2017 5:08 PM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Subject: Mesquite Scott B SWD-1624

Submit To Appropriate District Office Two Copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 811 S. First St., Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505	Form C-105 Revised August 1, 2011
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WELL COMPLETION OR RECOMPLETION REPORT AND LOG

4. Reason for filing: <input checked="" type="checkbox"/> COMPLETION REPORT (Fill in boxes #1 through #31 for State and Fee wells only) <input type="checkbox"/> C-144 CLOSURE ATTACHMENT (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33; attach this and the plat to the C-144 closure report in accordance with 19.15.17.13.K NMAC)	5. Lease Name or Unit Agreement Name <p style="text-align: center;">SCOTT B SWD</p>
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7. Type of Completion:
 NEW WELL
 WORKOVER
 DEEPENING
 PLUGBACK
 DIFFERENT RESERVOIR
 OTHER

8. Name of Operator <p style="text-align: center;">MESQUITE SWD, INC.</p>	9. OGRID <p style="text-align: center;">161968</p>
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10. Address of Operator <p style="text-align: center;">PO BOX 1479 CARLSBAD NM 88221</p>	11. Pool name or Wildcat <p style="text-align: center;">[96101] SWD;DEVONIAN</p>
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12. Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County
Surface:	N	23	24S	28E		274	S	2165	W	EDDY
BH:										

13. Date Spudded 03/26/2017	14. Date T.D. Reached 04/26/2017	15. Date Rig Released 04/29/2017	16. Date Completed (Ready to Produce) 10/23/2017	17. Elevations (DF and RKB, RT, GR, etc.) 2954' GR
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18. Total Measured Depth of Well 15212'	19. Plug Back Measured Depth 15212'	20. Was Directional Survey Made? No	21. Type Electric and Other Logs Run
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22. Producing Interval(s), of this completion - Top, Bottom, Name
14152 - 15212' (OH) Devonian

23. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
20"	94#	528'	26"	965 sx	0
13 3/8"	68#	2600'	17 1/2"	1800 sx	0
9 5/8"	47#	9778'	12 1/4"	1925 sx	0

24. LINER RECORD				25. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
7 5/8"	9284'	14152'	810 sx		4 1/2"	14182	14142
					5 1/2"	9040	

26. Perforation record (interval, size, and number) <p style="text-align: center;">14152 - 15212' (OH)</p>	27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>DEPTH INTERVAL</th> <th>AMOUNT AND KIND MATERIAL USED</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>	DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED						
DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED								

28. PRODUCTION

Date First Production	Production Method (<i>Flowing, gas lift, pumping - Size and type pump</i>)	Well Status (<i>Prod. or Shut-in</i>)					
Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl	Gas - Oil Ratio
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - (<i>Corr.</i>)	

29. Disposition of Gas (<i>Sold, used for fuel, vented, etc.</i>)	30. Test Witnessed By
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31. List Attachments

32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit.

33. If an on-site burial was used at the well, report the exact location of the on-site burial:

Latitude _____ Longitude _____ NAD 1927 1983

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature Printed Name Melanie J. Wilson Title Regulatory Analyst Date 10/26/2017

E-mail Address mjp1692@gmail.com Hand delivered to Artesia OCD 10/27/17

Scott B SWD #1
API #30-015-44061
Drilling Summary

03/26/17 - Spud 26" hole @ 6:00 am

03/27/17 - TD 26" hole @ 528'. Ran 20" 133# J-55 csg. Set @ 528'. Cmt w/585 sx lead and 380 sx tail Class "C" cmt w/4% gel, 2% CaCl, Celloflake. Yield 1.97 on lead and 1.34 on tail. Circ 163 sx. WOC 26 hrs. Test csg to 1500# for 30 minutes. Held good.

03/30/17 - TD 17 1/2" hole @2605'. Ran 13 3/8" 68# J-55 BTC csg. Set @ 2600'. Cmt w/1420 sx lead, tail in w/380 sx, Class C cmt w/6% gel, 5% salt, 3# KalSeal. Yield 2.11 on lead and 1.32 on tail. Circ 665 sx. WOC 26 hrs. Test csg to 1500# for 30 minutes, held good.

04/07/17 - TD 12 1/4" hole @ 9778'. Ran 9 5/8" 53.5# P-110 csg.

04/09/17 - Set 9 5/8" csg @ 9768'. DVT @ 2514'. Cmt Stage 1 w/ 1050 sx 50/50 P/H cmt w/5% salt, 10% gel, .2% PF153, .2% PF13 retarder, 3# Kolseal., Yield 2.47 Tail in w/300 sx Class H cmt w/.3% PF13 retarder, .3% PF606, .4 PF45, Yield 1.19. Cmt Stage 2 w/ lead 375 sx Class C w/4% gel, 1% CaCl, .125#/sk Celloflake, .4#/sk defoamer, Yield 1.97. Tail in w/200 sx. Class C Neat. Yield 1.32. Circ 83 sx. WOC 18 hrs. Test csg to 1500# for 30 minutes, held good.

04/21/17 - TD 8 1/2" hole @ 14155'.

04/23/17 - Ran 107 jts. (4868.07') 7 5/8" 39# ECP-110 PTF J-2/STL FJ csg. Set @ 14152'. Liner 9259' - 14152'. Cmt liner w/810 sx Class H cmt w/Gas Stop .25 #/sk. Yield 1.465. Cmt did not circ. Ran CBL to verify cmt tied into 9 5/8" csg. WOC 28 hrs.

04/26/17 - TD 6 1/2" hole @15,212'.

04/29/17 - Release rig.

McMillan, Michael, EMNRD

From: Melanie <mjp1692@gmail.com>
Sent: Monday, October 30, 2017 12:19 PM
To: McMillan, Michael, EMNRD
Subject: Re: COMPLETION REPORT - SCOTT B SWD #1

Clay is in the field so Scott Branson (surface owner) is going to send you the letter.

On Oct 30, 2017, at 12:06 PM, McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us> wrote:

Get Clay to provide a written statement to this effect.
Mike

From: Melanie Wilson [<mailto:mjp1692@gmail.com>]
Sent: Monday, October 30, 2017 12:05 PM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Subject: RE: COMPLETION REPORT - SCOTT B SWD #1

I talked with Clay Wilson and he said there is no surface use agreement, but that the surface owner is a partner in the well. And he is aware of the placement of the well.

From: Melanie Wilson [<mailto:mjp1692@gmail.com>]
Sent: Monday, October 30, 2017 11:44 AM
To: 'McMillan, Michael, EMNRD' <Michael.McMillan@state.nm.us>
Subject: RE: COMPLETION REPORT - SCOTT B SWD #1

The surface owner is aware of the change. I'll see if I can get a copy of the surface agreement.

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Monday, October 30, 2017 10:56 AM
To: Melanie Wilson <mjp1692@gmail.com>
Cc: Riley Neatherlin <rgneatherlin@gmail.com>
Subject: RE: COMPLETION REPORT - SCOTT B SWD #1

Melanie:

The surface location has changed from the approved permit to the actual location. Proposed surface location 250 FSL and 2166 FWL. Actual location 274 FSL and 2165 FWL, or signed agreement with the surface owner of the changed surface location
Is the surface owner aware of the change? Do you have surface agreement?
I will require a signed statement from Kay Havenor that the ½ mile AOR has not changed.
This issue will have to be resolved before the permit is changed.

Mike

From: Melanie Wilson [mailto:mjp1692@gmail.com]
Sent: Monday, October 30, 2017 10:32 AM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Subject: COMPLETION REPORT - SCOTT B SWD #1

Hi Mike,

Attached is the completion report showing the formation tops. If you need anything else, please call.

Thanks a bunch!

Melanie

October 30, 2017

Mr. Michael McMillan

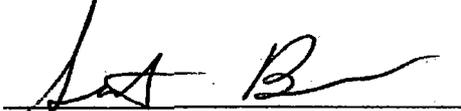
Regarding the Scott B SWD #1 well;

Section 23
Township 24S
Range 28E
274' FSL
2165' FWL

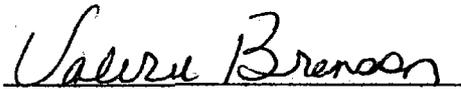
Please be advised that we, Scott and Valerie Branson, agree with the square footage related to the Scott B SWD well site.

Be further advised that we are partnered in on this venture.

Should you have any questions you can contact us.



Scott Branson
scottbranson@sboilfield.com
575-706-3290



Valerie Branson
valeriebranson@sboilfield.com
575-706-3235

DISTRICT I
1825 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 393-8101 Fax: (575) 393-0720

DISTRICT II
811 S. FIRST ST., ARTESIA, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-8176 Fax: (505) 334-8170

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 476-3480 Fax: (505) 476-3482

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015- 44061	Pool Code 96101	Pool Name SWD; DEVONIAN
Property Code 317427	Property Name SCOTT B SWD	Well Number 1
OGRID No. 161968	Operator Name MESQUITE SWD	Elevation 2954.0

Surface Location

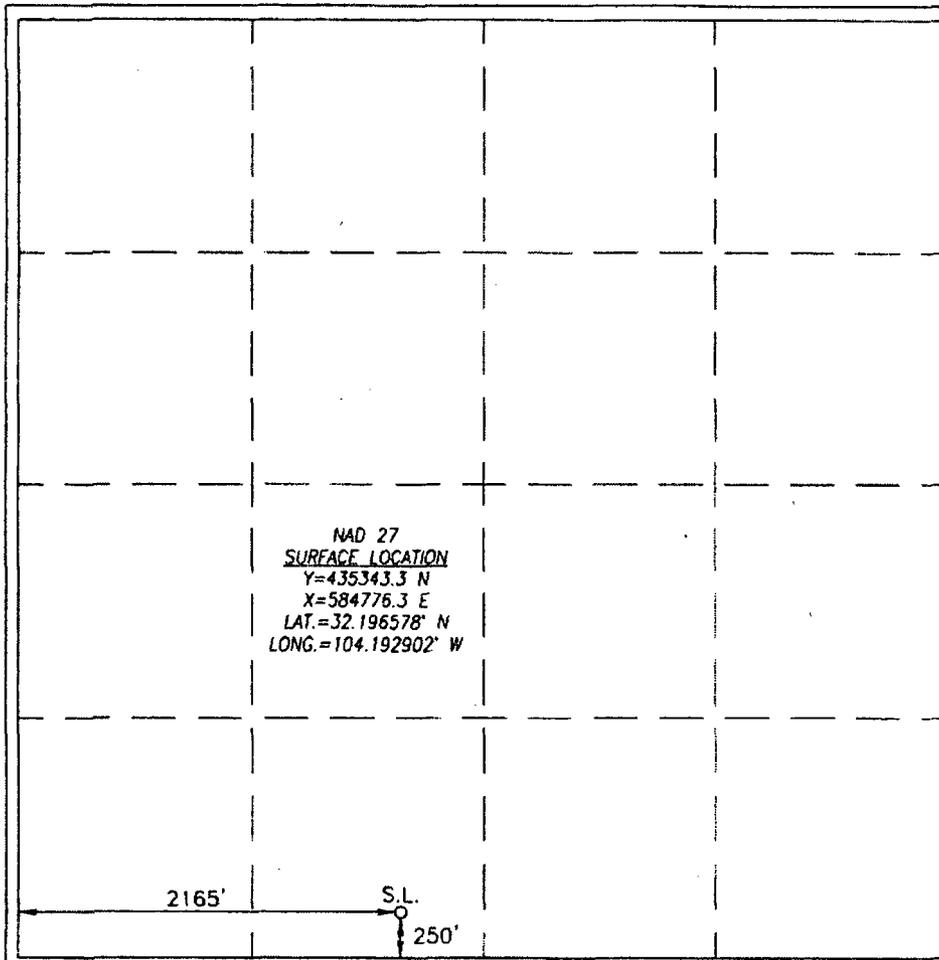
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	23	24-S	28-E		274	SOUTH	2165	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres N/A	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION
I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by this division.

Melanie J. Wilson
Signature Date

Melanie J. Wilson
Printed Name
mjp1692@gmail.com
E-mail Address

SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MAY 27, 2016
Date of Survey

Signature & Seal of Professional Surveyor

Chad L. Harcrow
6/10/16

CHAD L. HARCROW
NEW MEXICO
17777
LICENSED PROFESSIONAL SURVEYOR

Certificate No. CHAD HARCROW 17777
W.O. # 16-432 DRAWN BY: JG

SWD-1642 well data sheet

Side 1

INJECTION WELL DATA SHEET

OPERATOR: Mesquite SWD, Inc. (OGRID 161968)

WELL NAME & NUMBER: Scott B SWD #1 30-025-NA (New Drill)

WELL LOCATION: 250' FSL & 2166' FWL N 23 24S 28E
FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

WELLBORE SCHEMATIC

See attached diagram

PROPOSED WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 26" Casing Size: 20" 133# J-55 BTC
Cemented with: 650 sx. or _____ ft³
Top of Cement: Surface Method Determined: Circulate

Intermediate-1 Casing

Hole Size: 17-1/2" Casing Size: 13-3/4" 68# N-80 LTC
Cemented with: 1000 sx. or _____ ft³
Top of Cement: Surface Method Determined: Circulate

Intermediate-2 Casing

Hole Size: 12 1/4" Casing Size: 9 5/8" 53.5# L-80 LTC
Cemented with: 1800 sx. or _____ ft³
Top of Cement: 11415' Method Determined: Opr

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order SWD-1642
August 5, 2016

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8B, NMAC, Mesquite SWD, Inc. (the "operator") seeks an administrative order for its proposed Scott B SWD Well No. 1 with a location 250 feet from the South Line and 2166 feet from the West line, Unit N of Section 23, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico, for commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 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 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:

Mesquite SWD, Inc. (OGRID 161968), is hereby authorized to utilize its Scott B SWD Well No. 1 (API 30-015-pending) with a location 250 feet from the South Line and 2166 feet from the West line, Unit N of Section 23, Township 24 South, Range 28 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) through an open-hole interval within the Devonian and Silurian formations from 15000 feet to 16200 feet. Injection will occur through internally-coated, **4½-inch** or smaller tubing and a packer set within 100 feet of the uppermost perforation.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formations are 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.

This permit does not permit disposal into the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to this formation.

The operator shall supply the Division with a copy of a mudlog over the permitted disposal

interval and an estimated insitu water salinity based on open-hole logs. If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District II office and the operator shall be required to receive written permission prior to commencing disposal.

Operator shall submit the results of the swab test which shall include formation water analysis and hydrocarbon potential of the injection interval to the Division's District geologist and Santa Fe Bureau Engineering office prior to commencing injection.

The operator shall circulate all surface and intermediate casings to the surface.

The operator shall run a CBL (or equivalent) across the 7-inch liner from approximately 15000 feet to 11000 feet to demonstrate a good cement across the 7-inch liner, and good bond between the liner and the 9-5/8-inch casing.

Within one year after commencing disposal, the operator shall submit to the Division copies of an injection survey run on this well consisting of a temperature log, or equivalent, run under representative disposal rates.

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 well construction proposed and described in the application.

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 19.15.26.11A. 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 3000 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 II 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 II 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 (2) 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 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.



DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division – Artesia District Office
Administrative Application No. - pMAM1620059225