

New Mexico Energy, Minerals and Natural Resources Department

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September 10, 2009

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XTO Energy, Inc.
200 North Loraine, Suite 800
Midland, TX 79705

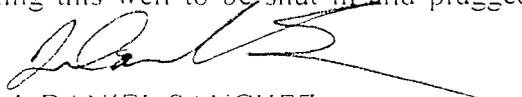
Re: Administrative Order SWD-1157 Nash Unit Well No. 29 API No. 30-015-29434
1980 FSL, 2310 FEL, Sec 13, T23S, R29E, NMPM, Eddy County
Delaware Mountain Group permitted disposal depths: 3192 to 3786 perforated

The Division recently issued Administrative Order SWD-1157 allowing this well to be used for disposal into the Delaware from 3192 to 3786. That order was issued after a demonstration of compliance with Part 26 of State of New Mexico Rules (NMAC 19.15.26). In addition to State injection rules, on March 7, 1982, the US EPA Region 6 granted the Oil Conservation Division, primacy for administering the UIC Class II wells within the State of New Mexico, except on Indian lands. State OCD disposal permits are considered by EPA to be UIC Class II permits.

The BLM has informed the Division that the disposal interval perforated and being used by XTO is actually lower than that approved with SWD-1157 due to some concern over the effect on Potash reserves.

If this is correct, then XTO is in violation of the New Mexico injection rules and the federal Safe Drinking Water Act's Underground Injection Control program. XTO must cease injection immediately and the well shall remain shut-in until and unless a proper disposal permit is obtained. To obtain this permit, XTO must make application again to the Division on form C-108 (application to inject) including sending notices to all affected parties, demonstrating that all area wells are adequately cemented over the proposed interval, and providing evidence that oil and gas reserves will not be adversely affected by this disposal interval.

If the well remains in operation and an application is not received by October 15, 2009, the Division will enter a case before an examiner asking this well to be shut in and plugged and abandoned.


J. DANIEL SANCHEZ
Compliance and Enforcement Manager

Cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad
SWD-1157

