

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 14979 Re-opened
ORDER NO. R-13735-A**

**APPLICATION OF MESQUITE SWD, INC. TO RE-OPEN CASE NO. 14979 TO
AMEND ORDER NO. R-13735 TO ALLOW A NEW WELL AND NEW WELL
LOCATION FOR A SALT WATER DISPOSAL WELL, LEA COUNTY, NEW
MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 8, 2015, at Santa Fe, New Mexico, before Examiner Michael McMillan, and January 22, 2015, before Examiner Phillip R. Goetze.

NOW, on this 19th day of February, 2015, the Division Director, having considered the testimony, the record, and the recommendations of Examiner McMillan,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) Pursuant to previous hearing, the Division, on August 26, 2013, issued Order No. R-13735, granting its application of Mesquite SWD, Inc. (the "Applicant") to dispose of UIC Class II fluids in its Paducah Federal SWD Well No. 3 (API 30-025-42253), (the "subject well"). The subject well is located in Unit C of Section 23, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico.

(3) The Order established that the injection zone shall be through perforations in the Bell Canyon and Cherry Canyon formation of the Delaware Mountain Group from 4870 feet to 7250 feet. The Injection is to be through lined tubing and a packer set within 100 feet above the permitted disposal interval.

(4) The Applicant requests that Order No. R-13735 be amended to replace its original Paducah Federal SWD Well No. 3 (API No. 30-025-42253) with its Paducah Federal SWD Well No. 3Y (API No. 30-025-42258), located in Unit Letter C of Section 23, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico.

(5) Operator has given proper notification to affected parties for this hearing.

(6) Abo Petroleum Corporation, Myco Industries, Inc. and Yates Petroleum Corporation submitted a pre-hearing statement requesting that the Division include a requirement in the amended order that any increase in tubing pressure be authorized only after proper notice and hearing. The counsel for the Applicant did not oppose this request.

The Division therefore concludes:

(7) Order No. R-13735 should be amended to allow the applicant to dispose of UIC Class II fluids into the subject well.

(8) Division records indicate Mesquite SWD, Incorporated (OGRID 161968) as of the date of this Order is in compliance with Division Rule 19.15.5.9 NMAC.

(9) The application should be approved.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Application of Mesquite SWD, Inc. (OGRID 161968), Order No. R-13735, issued in this case on August 26, 2013, is hereby amended to grant the Applicant the authority to inject UIC Class II fluids into the Paduca Federal SWD Well No. 3Y (API 30-025-42258) located 310 feet from the North line and 1760 feet from the West line, Unit letter C of Section 23, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico:

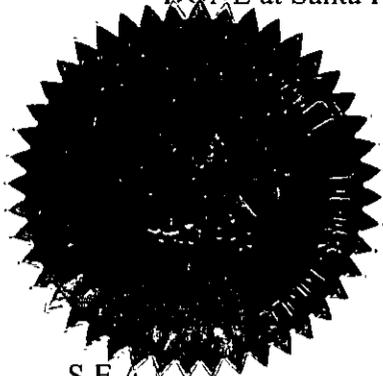
(2) Any request by the Applicant for an Injection Pressure Increase (IPI) shall only be **approved** after notice and hearing to the parties in the original application or successors of interest, and Ordering Paragraph (7) of Order No. R-13735 shall be placed in abeyance.

(3) All other provisions of Order No. R-13735 shall remain in full force and effect.

(4) Applicant shall comply with other applicable federal, state or local laws or rules, to exercise due care for the protection of fresh water, public health and safety and the environment. Failure to follow these guidelines will result in revocation of injection authority.

(5) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

David R. Catanach

DAVID R. CATANACH
Director