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

APPLICATION OF DELAWARE ENERGY LLC TO REVOKE THE INJECTION
AUTHORITY GRANTED UNDER SWD-1680 FOR THE ALPHA SWD NO. 1 WELL
OPERATED BY ALPHA SWD OPERATING LLC, EDDY COUNTY, NEW MEXICO.

Case No. 15855 (*de novo*)

Order No. R-14484-A

**PRE-HEARING STATEMENT
OF ALPHA SWD OPERATING, LLC**

De novo applicant Alpha SWD Operating, LLC ("Alpha SWD") submits this Pre-Hearing Statement as required by the Oil Conservation Commission's ("Commission's") rules.

APPEARANCES

PARTIES

ATTORNEYS

APPLICANT

Alpha SWD Operating, LLC

Gary W. Larson, Esq.
Hinkle Shanor LLP
P.O. Box 2068
Santa Fe, NM 87504
glarson@hinklelawfirm.com

OPPONENT

Delaware Energy, LLC

Michael H. Feldewert, Esq.
Adam G. Rankin, Esq.
Jordan L. Kessler, Esq.
Holland & Hart LLP
Post Office Box 2208\
Santa Fe, NM 87504-2208
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jlkessler@hollandhart.com

STATEMENT OF THE CASE

On March 14, 2018, Alpha SWD timely filed an application for a *de novo* hearing before the Commission on Delaware Energy, LLC's ("Delaware") application requesting the revocation of the injection authority granted to Alpha SWD under Administrative Order SWD-1680 ("SWD-1680"). Delaware filed its application with the Oil Conservation Division ("Division") rather than seeking a *de novo* review of SWD-1680. Following a hearing on Delaware's application, the Division issued Order No. R-14484-A, which rescinds Alpha SWD's injection authority on the basis that the Division violated 19.15.26.8(C) NMAC.

This case has not followed the normal course of a *de novo* appeal. Delaware attempted to short circuit the process by filing a Motion for Judgment Based on the Division Record, which Alpha SWD opposed on the grounds that the relief requested by Delaware would deprive Alpha SWD of its statutory right to a *de novo* hearing. At its hearing on May 22, 2018, the Commission denied Delaware's motion, and set a hearing on July 20, 2018 limited to three issues: (1) whether the Division had jurisdiction to hear Delaware's application when Delaware had failed to file a *de novo* appeal under the Oil and Gas Act; (2) if the Commission does not have jurisdiction in this matter, whether the Division applied the 15-day waiting period in 19.15.26.8(C); and (3) if the Commission does have jurisdiction, and rules that there was a violation of 19.15.26.8(C), what is proper remedy for the violation. Alpha SWD will present its position on each of those issues in its Pre-Hearing Brief.

PROPOSED EVIDENCE

Alpha SWD will not present any witnesses. It will introduce three exhibits, which are attached hereto. The exhibits will be introduced for the sole purpose of demonstrating the potential consequences of the Commission's ruling on the applicability of 19.15.26.8(C).

PROCEDURAL MATTERS

Alpha SWD is not aware of any procedural matters to be resolved prior to or at the hearing.

Respectfully submitted,

HINKLE SHANOR LLP



Gary W. Larson
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
glarson@hinklelawfirm.com

Counsel for Alpha SWD Operating LLC

CERTIFICATE OF SERVICE

I hereby certify that on this 12th day of July, 2018, I served a true and correct copy of the foregoing *Pre-Hearing Statement of Alpha SWD Operating, LLC* via email to:

Michael H. Feldewert, Esq.
Adam G. Rankin, Esq.
Jordan L. Kessler, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, NM 87504-2208
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jlkessler@hollandhart.com

Counsel for Delaware Energy LLC



Gary W. Larson

DATE IN 04/05/16	SUBPENSE	ENGINEER PRG	LOGGED IN 04/14/16	TYPE SWD	APP NO. PPR9161138501
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No coversheet

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- 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

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
 Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
 [D] Other: Specify _____
- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply
 [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached

SWD-1625
 Delaware Energy LLC
 371195
 Pardee 31 Com. No.1
 30-015-10842
 Devonian

2016 APR 14 9:27
 RECEIVED

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] 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.

Preston Stern [Signature] Vice-President 3/29/16
 Print or Type Name Signature Title Date

prestonms@gmail.com
 e-mail address

OCC Case No. 15855
 ALPHA SWD OPERATING
 Exhibit #1

Goetze, Phillip, EMNRD

From: Preston Stein <prestonms@gmail.com>
Sent: Wednesday, April 20, 2016 11:41 AM
To: Goetze, Phillip, EMNRD
Subject: RE: Application Coversheet - Delaware Energy Application for the Pardue 31 Com. No. 1
Attachments: Pardue 31 Com #1 Notices.pdf

Mr. Goetze,

Attached please find proofs of notice and Affidavit of Publication for the subject application.

Best Regards,

Preston Stein
Petroleum Attorney / Landman
(214) 558-1371

This electronic transmission and any attached documents or other writings are intended only for the person or entity to which it is addressed and may contain information that is privileged, confidential or otherwise protected from disclosure. If you have received this communication in error, please immediately notify sender by return e-mail and destroy the communication. Any disclosure, copying, distribution or the taking of any action concerning the contents of this communication or any attachments by anyone other than the named recipient is strictly prohibited.

From:
Sent: None
To: Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Subject: RE: Application Coversheet - Delaware Energy Application for the Pardue 31 Com. No. 1

Mr. Goetze

Attached please find what you requested.

Best Regards,

Preston Stein
Petroleum Attorney / Landman
(214) 558-1371

This electronic transmission and any attached documents or other writings are intended only for the person or entity to which it is addressed and may contain information that is privileged, confidential or otherwise protected from disclosure. If you have received this communication in error, please immediately notify sender by return e-mail and destroy the communication. Any disclosure, copying, distribution or the taking of any action concerning the contents of this communication or any attachments by anyone other than the named recipient is strictly prohibited.

From: Goetze, Phillip, EMNRD [<mailto:Phillip.Goetze@state.nm.us>]
Sent: Wednesday, April 13, 2016 11:42 AM
To: Preston Stein <prestonms@gmail.com>
Subject: Application Coversheet - Delaware Energy Application for the Pardue 31 Com. No. 1

Mr. Stein:

Please complete one version of the attached coversheet and return the completed form as a PDF when possible. Thank you. PRG

OCC Case No. 15855
ALPHA SWD OPERATING
Exhibit #2

Phillip R. Goetze, PG
Engineering and Geological Services Bureau
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Direct: 505.476.3466
e-mail: phillip.goetze@state.nm.us



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

VICKIE CONNALLY
211 R ASH ROAD
LOVING, NM 88256

9590 9402 1604 5362 5783 60

2. Article Number (Transfer from service label)

7015 3010 0000 2212 1546

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *[Signature]*

Agent

Addressee

B. Received by (Printed Name)

[Signature]

C. Date of Delivery

4/2/16

D. Is delivery address different from item 1?
If YES, enter delivery address below:

Yes

No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery (over \$500)

- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

YATES PETROLEUM CORP.
105 S. FOURTH ST.
ARTESIA, NM 88210

9590 9402 1604 5362 5783 53

2. Article Number (Transfer from service label)

7015 3010 0000 2212 2253

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *[Signature]*

Agent

Addressee

B. Received by (Printed Name)

[Signature]

C. Date of Delivery

4/1/16

D. Is delivery address different from item 1?
If YES, enter delivery address below:

Yes

No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery (over \$500)

- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BTA OIL PRODUCERS
104 S. PECUS ST.
MIDLAND, TX 79701

9590 9402 1604 5362 5783 39

2. Article Number (Transfer from service label)

7015 3010 0000 2212 1560

PS Form 3811, July 2016 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
X Louise Brown Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express® |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail™ |
| <input type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Collect on Delivery | <input type="checkbox"/> Signature Confirmation™ |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Insured Mail | |
| <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500) | |

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

COG OPERATING, LLC
600 W. ILLINOIS AVE
MIDLAND, TX 79701

9590 9402 1604 5362 5783 46

2. Article Number (Transfer from service label)

7015 3010 0000 2212 1553

PS Form 3811, July 2016 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
X Andrea Arispe Addressee

B. Received by (Printed Name)
Andrea Arispe

C. Date of Delivery
4-1-16

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express® |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail™ |
| <input type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Collect on Delivery | <input type="checkbox"/> Signature Confirmation™ |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Insured Mail | |
| <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500) | |

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

MATADOR RESOURCES
5400 Lyndon B Johnson Fwy
#1500
DALLAS, TX 75240

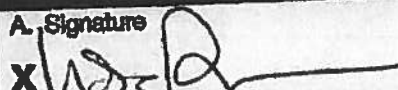
9590 9402 1604 5362 5783 22

2. Article Number (Transfer from service label)

7015 3010 0000 2212 1577

COMPLETE THIS SECTION ON DELIVERY

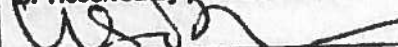
A. Signature

X 

Agent

Addressee

B. Received by (Printed Name)



C. Date of Delivery

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery (Additional Mail Restricted Delivery \$500)

- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Affidavit of Publication

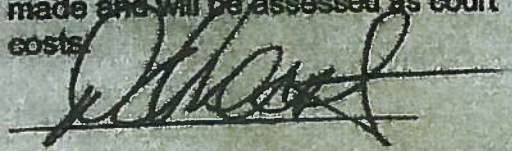
State of New Mexico,
County of Eddy, ss.

Rynni Henderson, being first duly
sworn, on oath says:

That she is the Publisher of the
Carlsbad Current-Argus, a
newspaper published daily at the
City of Carlsbad, in said county of
Eddy, state of New Mexico and of
general paid circulation in said
county; that the same is a duly
qualified newspaper under the laws
of the State wherein legal notices
and advertisements may be
published; that the printed notice
attached hereto was published in the
regular and entire edition of said
newspaper and not in supplement
thereof on the date as follows, to wit:

April 12 2016

That the cost of publication is \$72.15
and that payment thereof has been
made and will be assessed as court
costs.



Subscribed and sworn to before me
this 12 day of April,

2016


My commission Expires
2/13/17

Notary Public



April 12, 2016

Delaware Energy, LLC
ran a legal notice re-
garding the Pardue 31
Com #1 on Wednes-
day, April 6, 2016.
That notice mistakenly
contained incorrect
legal description of
Range. Following is
amended notice for
Pardue 31 Com #1.

Delaware Energy,
LLC, has filed a form
G-108 (Application for
Authorization to In-
ject) with the Oil Con-
servations Division
seeking administra-
tive approval to utilize
the Pardue 31 Com #1
(AM - 80-025-18642)
as a Salt Water Dis-
posal well.

Pardue 31 Com #1 is
located at 990' FSL
and 1980' FWL, Unit
Letter N, Section 31,
Township 23 South,
Range 28 East, Eddy
County, New Mexico.
The well will dispose
of water produced
from oil and gas wells
into the Devonian For-
mation at 13,650' to
14,500' at a maximum
rate of 15,000 barrels
of water per day at a
maximum pressure of
2730 psi.

Interested parties
must file objections or
requests for hearing
with the Oil
Conservations Divi-
sion, 1220 South St.
Francis Dr., Santa Fe,
New Mexico, 87505,
within 15 days. Dela-
ware Energy LLC con-
tact number is (214)-
558-1371.

State of New Mexico
Energy, Minerals and Natural Resources Department

OCC Case No. 15855

ALPHA SWD OPERATING

Exhibit #3

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order SWD-1625
May 3, 2016

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, Delaware Energy, LLC (the "operator") seeks an administrative order for its proposed Pardue 31 Com. Well No. 1 with a location 990 feet from the South line and 1980 feet from the West line, Unit N of Section 31, Township 23 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:

Delaware Energy, LLC (OGRID 371195), is hereby authorized to utilize its Pardue 31 Com. Well No. 1 (API 30-025-10842) with a location 990 feet from the South line and 1980 feet from the West line, Unit N of Section 31, Township 23 South, Range 28 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) through a perforated interval within the Devonian formation from 13650 feet to 14500 feet. Injection will occur through internally-coated, **3½-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.

The operator shall execute the following procedures prior to deepening to the Devonian formation and running the 5-inch liner.

- *Rig up work over unit, drill out surface plug from 0-188'. Test Casing to 500 psi. Drill out cement plugs at 2676' AND 2930' and clean out to PBTD OF 10,622'. Test casing 500 psi and hold for 30 minutes, record test.*
- *Rig up wire line and run Cement Bond Log (CBL) from 10,622' TO 1,600' and determine top of cement in the 7-inch casing.*
- *Dress Off 7-inch stub in preparation for 7-inch casing patch.*
- *If cement top is determined to be within 50 feet of stub, plan to utilize DV tool above casing patch. If Cement top is greater than 50 feet from the 7-inch chasing stub, shoot squeeze holes at cement top prior to running casing patch.*
- *Run casing patch and cement 7-inch casing to surface. Test casing to 500 psi and hold for 30 minutes, record test.*
- *These procedures maybe altered with both the Santa Fe Engineering Bureau and Artesia District Office approval.*

Operator shall ensure adequate cement across the Delaware, Bone Spring, and Wolfcamp formations.

After the work over and deepening, the operator shall run a CBL across the 5-inch liner to 10,000 feet to demonstrate a good cement bond between the liner and 7-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 well shall pass an MIT every two years.

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- If cement top is determined to be within 50 feet of stub, plan to utilize DV tool above casing patch. If Cement top is greater than 50 feet from the 7-inch chasing stub, shoot squeeze holes at cement top prior to running casing patch.*
- Run casing patch and cement 7-inch casing to surface. Test casing to 500 psi and hold for 30 minutes, record test.*
- These procedures maybe altered with both the Santa Fe Engineering Bureau and Artesia District Office approval.*

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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 well shall pass an MIT every two years.

The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

Operator shall submit required sundry notices (C-103) to the Artesia District Office.

The wellhead injection pressure on the well shall be limited to **no more than 2730 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.

Administrative Order SWD-1625
Delaware Energy, LLC
May 3, 2016
Page 4 of 4

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