

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



Administrative Order SWD-1728-A
August 22, 2018

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8(B) NMAC, 3Bear Field Services LLC (the "operator") seeks an administrative order for its Libby Berry Fee SWD Well No. 1 (the "subject well") with a location of 2510 feet from the North line and 710 feet from the East line, Unit letter H of Section 26, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, for the purpose of commercial disposal of produced water.

This Order is an amendment that resolves differences between logged depths and the projected interval described in Administrative Order SWD-1728 and includes the Silurian-age formation in the injection interval. This Order supersedes the original Order SWD-1728 (issued on May 2, 2018) which is rescinded.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8(B) NMAC and satisfactory information has been provided that affected parties 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:

The applicant, 3Bear Field Services LLC (OGRID 372603), is hereby authorized to utilize its Libby Berry Fee SWD Well No. 1 (API 30-025-44288) with a location of 2510 feet from the North line and 710 feet from the East line, Unit letter H of Section 26, Township 20 South, Range 34 East, NMPM, Lea County, for disposal of oil field produced water (UIC Class II only) through open-hole completion into an interval consisting of the Devonian and Silurian formations from approximately 14780 feet to approximately 16000 feet. Injection will occur through internally-coated, 4½-inch or smaller tubing connected to a packer set within 100 feet of the top of the disposal interval.

This permit does not allow disposal into formations below the Silurian system including the Montoya formation and the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to these formations.

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 formation is 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. If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District I and the operator shall be required to receive written permission prior to commencing disposal.

If the cement is not circulated to surface for any casing for this well, then the operator shall run a CBL (or equivalent) for the casing(s) for which the cement did not circulate and provide a copy of the log(s) to Division's District I office prior to commencing injection.

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 completion and construction of the subject well as described in the application and, if necessary, as modified by the District Supervisor.

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 subject 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 19.15.26.11(A) NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

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.

If the disposal well fails a MIT or if there is evidence that the mechanical integrity of said well is impacting correlative rights, the public health, any underground sources of fresh water, or the environment, the Division Director shall require the well to be shut-in within 24 hours of discovery and the operator shall redirect all disposal waters to another facility. The operator shall take the necessary actions to address the impacts resulting from the mechanical integrity issues in accordance with Division Rule 19.15.26.10 NMAC, and the well shall be tested pursuant to Rule 19.15.26.11 NMAC prior to returning to injection.

The wellhead injection pressure on the subject well shall be limited to **no more than 2956 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 formations. 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 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 that includes number of days of operation, injection volume, and injection pressure on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

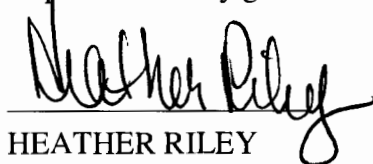
The injection authority granted under this order is not transferable except upon Division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection order after notice and hearing if the operator is in violation of Rule 19.15.5.9 NMAC.

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.



HEATHER RILEY
Director

HR/prg

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management – Carlsbad Field Office

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

June 18, 2018

Phillip Goetze
NM Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe NM 87505

Dear Phillip,

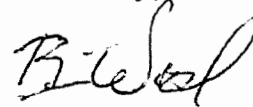
On behalf of 3Bear Field Services, LLC (372603), I am requesting a minor modification of SWD-1728 for 3Bear's Libby Berry Fee SWD 1 (30-025-44288) in H-26-20s-34e Lea County.

Approval was granted to dispose into the Devonian from 13,350' to 14,600'. After drilling the well, the Devonian was found to be deeper than originally planned. Devonian top is actually at 14,730'.

Therefore, 3Bear is asking that the permit be modified to allow disposal from 14,780' to 16,000' in the Devonian and Silurian. An affidavit of publication reflecting that change is attached.

Please call (466-8120) or e-mail (brian@permitswest.com) me if you have any questions.

Sincerely,



Brian Wood

cc: Karen Sharp

PRG 1823452014

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

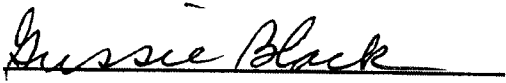
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
June 14, 2018
and ending with the issue dated
June 14, 2018.



Publisher

Sworn and subscribed to before me this
14th day of June 2018.

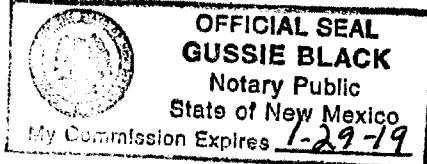


Business Manager

My commission expires

January 29, 2019

(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGALS

LEGAL NOTICE June 14, 2018

3Bear Field Services, LLC is applying for approval to use the Libby Berry Fee SWD 1 as a saltwater disposal well. Disposal will be in the Devonian and Silurian from 14,780' to 16,000'. The well is located 16 miles southwest of Monument, NM at 2510 FNL & 710 FEL Sec. 26, T. 20 S., R. 34 E., Lea County. Maximum disposal rate will be 25,000 bwpd. Maximum injection pressure will be 2,956 psi. Interested parties must file objections or requests for hearing with the NM Oil Conservation Division, 1220 South Saint Francis Dr., Santa Fe, NM 87505 within 15 days. Additional information can be obtained by contacting Brian Wood, Permits West Inc., 37 Verano Loop, Santa Fe, NM 87508. Phone number is (505) 466-8120. #32909

02108485

00213387

BRIAN WOOD
PERMITS WEST
37 VERANO LOOP
SANTA FE, NM 87508

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-025-44288
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Libby Berry Fee SWD
8. Well Number 1
9. OGRID Number 320495
10. Pool name or Wildcat SWD; Devonian-Silurian
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3707' GL

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <u>SWD</u>	
2. Name of Operator 3Bear Field Services, LLC	
3. Address of Operator 1512 Larimer St., Suite 540, Denver CO 80202	
4. Well Location Unit Letter: <u>H</u> <u>2510</u> feet from the <u>North</u> line and <u>710</u> feet from the <u>East</u> line Section <u>26</u> Township <u>20 S</u> Range <u>34 E</u> NMPM <u>Lea</u> County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3707' GL	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: First Injection <input checked="" type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Date of First Injection: June 11, 2018
Rate: 6,320 bwpd
Volume: 3,407 bbl
Pressure: 120 psi

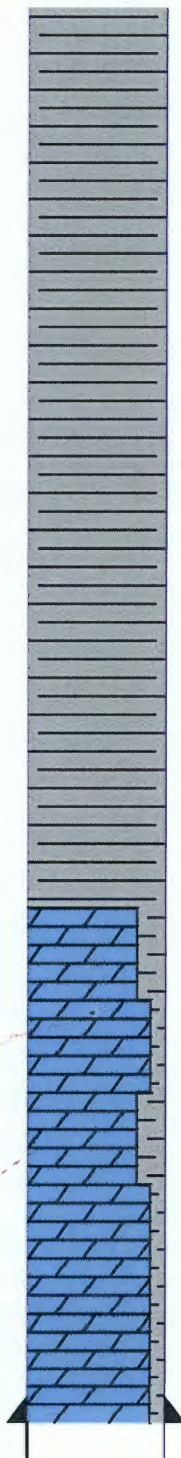
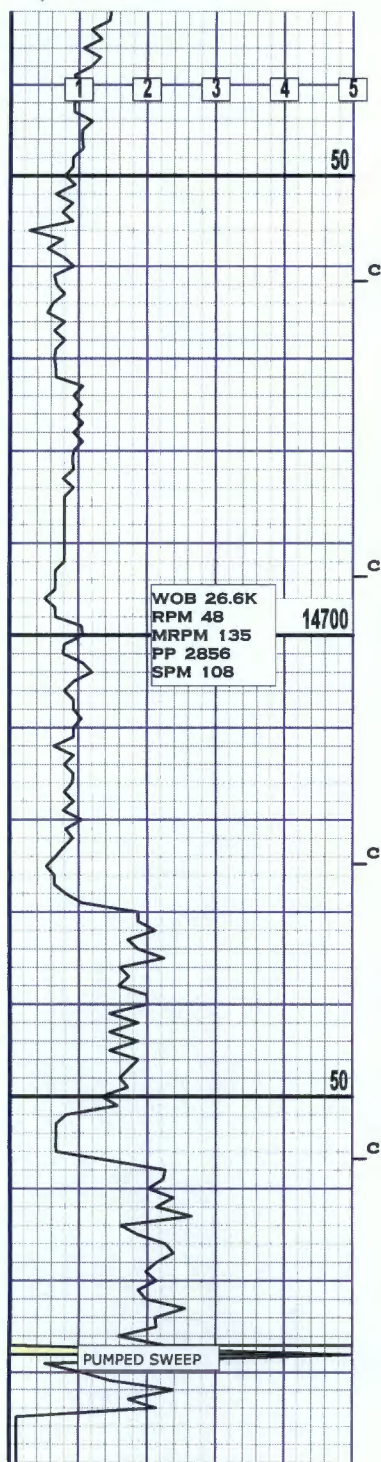
Spud Date:		Rig Release Date:	
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I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Brian Wood TITLE Consultant DATE 6-11-18
Type or print name Brian Wood E-mail address: brian@permitswest.com PHONE: (505) 466-8120

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any): _____



SH:dk brn,lt brn,dk gry
sbblky,occ blk,mod-fm
tr vy frm,brit,erthy
txt,sme pyr ip

SH:dk brn,lt brn,blk
sbblky,tr blk,mod-fm
sme fm,brit,erthy txt
cln

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occ vy frm,brit,erthy
txt,tr pyr inclu

DOLO:wht,off wht,sme crm
vfn-fn xln,mod frm-fm,
tr hrd,cln

SH:dk brn,lt brn,dk gry
sbblky,tr blk,mod-fm
occ fm,brit,erthy txt
sme pyr

DOLO:wht,off wht,tr crm
vfn-fn xln,mod frm-fm,
occ vy frm,mott

TD FOR CASING

