

State of New Mexico  
Energy, Minerals and Natural Resources Department

---

**Susana Martinez**  
Governor

**John Bemis**  
Cabinet Secretary

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**Jami Bailey**  
Division Director  
Oil Conservation Division



July 30, 2012

COG Production LLC  
550 West Texas, Suite 100  
Midland, TX 79701

**Re: Notice of Termination of Authority to Inject into the Latham Federal Well #1  
(API #30-015-22752), Administrative Order SWD-1254**

Dear Operator:

Oil Conservation Division (OCD) records indicate that the authority to inject into the Latham Federal Well #1 has terminated pursuant to Administrative Order SWD-1254 and OCD Rule 19.15.26.12.C NMAC due to a continuous one year period of non-injection into the well.

On November 1, 2010, the OCD issued Administrative Order SWD-1254 to OGX Resources LLC (OGX) (OGRID 217955) authorizing injection into the Latham Federal Well #1. On December 1, 2011, the OCD approved OGX's Form C-146 Change of Operator Name to COG Production LLC (COG).

Administrative Order SWD-1254 states:

In accordance with Division Rule No. 26.12.C [19.15.26.12.C NMAC], the disposal authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request, mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Division Rule No. 26.12.C (19.15.26.12.C NMAC) states:

**C. Abandonment of Injection Operations**

(1) Whenever there is a continuous one year period of non-injection into all wells in an injection or storage project or into a salt water disposal well or special purpose injection well, the division shall consider the project or well abandoned, and the authority for injection shall automatically terminate ipso facto.

(2) For good cause shown, the director may grant an administrative extension or extensions of injection authority as an exception to Paragraph (1) of Subsection C of 19.15.26.12 NMAC, provided that any such extension may be granted only prior to the end of one year or [sic] continuous non-injection, or during the term of a previously granted extension.

OCD records do not show the commencement of injection operations into the well since Administrative Order SWD-1254 was issued, and there is no indication that an extension was sought or approved prior to the expiration of the one year period.

Therefore, Administrative Order SWD-1254 has terminated pursuant to its own terms and pursuant to OCD Rule 19.15.26.12.C NMAC.

Please disconnect any injection lines.

If COG wishes to inject into the well, it will have to reapply for authority to inject with the Division's Engineering Bureau. Please contact Will Jones in the Division's Engineering Bureau at (505) 476-3448 or [william.v.jones@state.nm.us](mailto:william.v.jones@state.nm.us) to discuss this matter further.

I would like to discuss this matter further with COG. Please call me at (505) 476-3493.

Sincerely,



Daniel Sanchez  
New Mexico UIC Program Director  
OCD Compliance & Enforcement Manager

Ec:

Richard Inge, OCD Artesia  
Randy Dade, OCD Artesia  
Theresa Duran-Saenz,  
Sonny Swazo, OCD Assistant General Counsel



# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

**Jim Noel**  
Cabinet Secretary

**Karen W. Garcia**  
Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



Administrative Order SWD-1254  
November 1, 2010

## ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Rule 26.8B., OGX Resources, LLC seeks an administrative order to utilize its Latham Federal Well No. 1 (API 30-025-22752) located 1980 feet from the South line and 1800 feet from the East line, Unit Letter J of Section 15, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico, for produced water disposal purposes.

### THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 26.8B. Satisfactory information has been provided that affected parties as defined in Rule 26.8B.(2) 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 Rule 26.8 will be met and the operator is in compliance with Division Rule 5.9.

### IT IS THEREFORE ORDERED THAT:

The applicant, OGX Resources, LLC, is hereby authorized to utilize its Latham Federal Well No. 1 (API 30-025-22752) located 1980 feet from the South line and 1800 feet from the East line, Unit Letter J of Section 15, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico, for disposal of oil field produced water (UIC Class II only) through perforations into the Bell Canyon and Cherry Canyon members of the Delaware Mountain Group from 3306 feet to 4600 feet, and through lined tubing and a packer set within 100 feet above the permitted disposal interval.

The applicant shall plug back this well to within approximately 200 feet of the permitted disposal interval.

### IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the proposed disposal interval and is not permitted to escape to other formations or onto the



surface.

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 wellhead injection pressure on the well shall be limited to **no more than 662 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 office of the date and time of the installation of disposal equipment and of any mechanical integrity test 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 26.13 and 7.24.

Without limitation on the duties of the operator as provided in Division Rules 30 and 29, or otherwise, the operator shall immediately notify the Division's district 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.

In accordance with Division Rule No 26.12.C., the disposal authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request, mailed by the operator prior to the termination date, may grant an extension thereof for good cause. One year after disposal into the well has ceased, the authority to dispose will terminate *ipso facto*.

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.

  
MARK E. FESMIRE, P.E.  
Acting Director

MEF/wvjj

cc: Oil Conservation Division – Artesia  
Bureau of Land Management – Carlsbad

**30-015-22752 PRE-ONGARD WELL #001 [30041]****General Well Information****Status:** Plugged, Site Released**History****Comments****Operator**

**Company:** [214263] PRE-ONGARD WELL OPERATOR  
**Address:** 1220 S ST FRANCIS  
SANTA FE ,NM BADADDR  
**Country:**  
**Main Phone:**

**Central Contact Person**

No district contact found.

**Pits****Casing****Well Completions**

No Completions Found

**Financial Assurance****Compliance**Note that Financial Assurance and Inactive Well Compliance are documented in separate reports ([Inactive Well Report](#), [Financial Assurance Report](#)).

Also note that some compliance issues are addressed at the operator level so not listed under each well.

**Complaints, Incidents and Spills**

No Incidents Found

Please note that incidents that impact ground water are recorded along with "facilities" which may not be wells, so although the initial report may be recorded here as a spill, information related to the abatement plans, remediation plans and ground water impact information are not yet part of this application.

**Orders****Salt Water Disposal SWD-0-0****Salt Water Disposal SWD-1254-0****Production / Injection**[Show All Production](#)[Export to Excel](#)

Earliest Production in OCD Records:				Last					
Time Frame	Production				Injection				
	Oil(BBLS)	Gas(MCF)	Water (BBLS)	Days P/I	Water (BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure
Grand Total:	0	0	0	0	0	0	0	0	0

**Transporters**