

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

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Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order IPI-459
January 2, 2014

Mr. Jason Wacker
BC Operating, Inc.
PO Box 50820
Midland, TX 79710

RE: Injection Pressure Increase
Disposal Permit: SWD-1297
Pool: SWD; San Andres and Glorieta formations
South Denton 6 State Well No. 2 API 30-025-39734
Unit D, Sec 6, T16S, R38E, NMPM, Lea County, New Mexico

Dear Mr. Wacker:

Reference is made to your request on behalf of BC Operating, Inc. (OGRID 160825) received by the Division on September 3, 2013, to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for water disposal in the San Andres and Glorieta formations by Division administrative Order SWD-1297 approved August 4, 2011. That permit allowed disposal into the two formations from approximately 5200 feet to 6850 feet. The current well construction shows a perforated interval from 5200 feet to 6320 feet and an open-hole interval from 6500 feet to 6850 feet that was added when the well was deepened in December 2011. The Division allowed a maximum disposal pressure of 1040 pound per square inch gauge (psig) with administrative Order SWD-1297.

It is our understanding that this well will not take a sufficient volume of fluid at the current pressure limit and a higher pressure limit is needed. It is also understood that an increase will not result in the fracturing of the formation and confining strata.

Based on a step-rate test for this well run August 23, 2013, through 2 7/8-inch tubing, you are hereby authorized to inject at the following maximum surface tubing pressure:

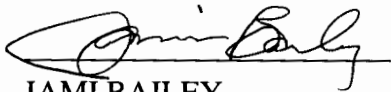
South Denton 6 State Well No. 2 API 30-025-39734 2360 psig

This approval is based on the provision that the tubing size, packer setting depth and completion interval for this well does not change. Any future requested pressure increase will require resubmission of

additional data and a new step-rate test. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well. This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The Division Director may rescind this permitted injection pressure increase if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval or is endangering any fresh water aquifer.

Sincerely,



JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Hobbs
State Land Office – Oil, Gas and Minerals Division
Order SWD-1297