

State of New Mexico
Energy, Minerals and Natural Resources Department

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Governor

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Cabinet Secretary

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Heather Riley, Division Director
Oil Conservation Division



Administrative Order SWD-1740
August 9, 2018

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, DJR Operating, LLC (the “operator”) seeks an administrative order to complete its Central Bisti Unit SWD Well No. 161 (“subject well”) with a location of 1067 feet from the North line and 2286 feet from the East line, Unit letter B of Section 16, Township 25 North, Range 12 West, NMPM, San Juan County, New Mexico, for disposal of produced water from wells operated by the applicant.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 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.

An extension under Administrative Order SWD-913-B expired for failure to commence injection within the allotted time period after the effective date of the amended order. This is an amended order that establishes the injection authority following new application under Division Rule 19.15.26.8E. NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, DJR Operating, LLC (OGRID 371808), is hereby authorized to utilize its Central Bisti Unit SWD Well No. 161 (API 30-045-31606) with a location of 1067 feet from the North line and 2286 feet from the East line, Unit letter B of Section 16, Township 25 North, Range 12 West, NMPM, San Juan County, for disposal of oil field produced water (UIC Class II only) into Entrada sandstone through perforations from approximately 6785 feet to 6940 feet. Injection will occur through internally-coated, 3¹/₂-inch tubing and a packer set within 100 feet of the perforated interval.

The operator shall conduct a swab test of the new perforations for hydrocarbon potential analysis of hydrocarbon content. The Division's District office shall be noticed prior to this test and given the opportunity to witness the swab test. The operator shall supply the Division's

District office and Santa Fe Engineering Bureau office a Sundry notice with the results of the swab test 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 well as described in the application with the following modifications and, if necessary, as modified by the District Supervisor.

The operator shall obtain a water sample representative of the injection interval for analysis of general water chemistry (including major cations, major anions, and Total Dissolved Solids (TDS)). The operator shall supply the results of the water sample to Division's District III office and the Engineering Bureau, Santa Fe, prior to commencing injection. If the samples are found to contain TDS concentrations of 10000 milligrams per liter or less, the injection authority under this Order shall be suspended, and the applicant shall set a date for a hearing in this matter for consideration of this order with respect to Exempted Aquifer status of the injection interval.

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

The wellhead injection pressure on the well shall be limited to **no more than 1357 psi**. 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.

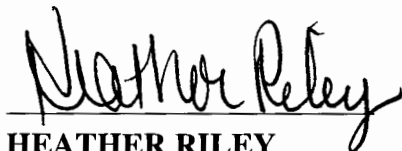
In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The 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 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 III 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.

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. 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/mam

cc: Oil Conservation Division – Aztec District Office
Bureau of Land Management – Farmington Office
Well File 30-045-31606