

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



Administrative Order SWD-1508
November 18, 2014

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, COG Operating, LLC (the "operator") seeks an administrative order for its proposed Empire State SWD 15 Well No. 1 with a location of 2526 feet from the South line and 1417 feet from the West line, Unit letter K of Section 15, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, for produced water disposal purposes. This proposed well (as the former State 151729 3ROC SWD Well No. 9) was previously approved for injection in the same formations under Administrative Order No. SWD-1336. Order No. SWD-1336 was terminated *ipso facto* on May 30, 2014, due to the inability to commence injection within the two-year period stated in the order.

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 Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, COG Operating, LLC (OGRID 229137), is hereby authorized to utilize its Empire State SWD 15 Well No. 1 (API 30-015-39771) with a location of 2526 feet from the South line and 1417 feet from the West line, Unit letter K of Section 15, Township 17 South, Range 29 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) into the upper Pennsylvanian Cisco and Canyon formations through open hole from 8350 feet to 9450 feet. Injection will occur through internally-coated, 3 ½-inch or smaller tubing and a packer set within 100 feet of the top perforation.

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.

The operator shall conduct mud and electric logging of the approved disposal interval.

The operator shall submit the results of logging along with a written analysis of the hydrocarbon potential to the Division's District II office and Santa Fe Bureau office. Following submittal of the analysis, the operator shall commence injection after receiving written approval from Division's District II. If significant hydrocarbons are identified that can be produced in paying quantities, then the approved interval of this order shall not be used for disposal purposes.

The operator of this well shall run an initial injection survey (tracer/temperature or equivalent) of the injection interval within one (1) year after commencing disposal into this well. The operator shall supply the Division District II office and Santa Fe Bureau office with a copy of the survey log.

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 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 1670 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.

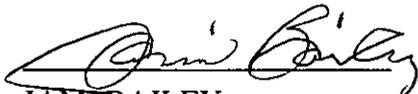
The injection authority granted under this order is not transferable except upon division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

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.

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.



JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Artesia District Office
State Land Office – Oil, Gas and Minerals Division