

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order SWD-1527
February 24, 2015

**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 Maljamar SWD 30 Well No. 2 with a proposed location 1350 feet from the North line and 770 feet from the East line, Unit H of Section 30, Township 17 South, Range 32 East, NMPM, Lea 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 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no protests received. 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 proposed Maljamar SWD 30 Well No. 2 (API No. 30-025-40310) with a proposed location 1350 feet from the North line and 770 feet from the East line, Unit H of Section 30, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico, for disposal of oil field produced water (UIC Class II only) through open hole into an interval consisting of the Wolfcamp formation from approximately 9640 feet to approximately 10097 feet. Injection will occur through internally-coated, 3 ½-inch or smaller tubing and a packer set within 100 feet of the top (or shallowest) 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 a swab or production test of the approved injection interval for hydrocarbon potential and provide the results of the test to the Division prior to the commencement of injection. If the test demonstrates payable quantities of hydrocarbons, the operator shall identify the portion of the perforated injection interval which is the source and

shall submit a plan to the Division District office and the Santa Fe Bureau office to cement and seal the portion of the injection interval which is productive.

Within one year after commencing disposal, the operator shall submit to the Division District office and the Santa Fe Bureau office copies of an injection survey over the entire injection interval run on this well consisting of a temperature log, or equivalent, run under representative disposal rates.

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 1928 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 operator shall install and maintain a chart recorder showing casing and tubing pressures during disposal operations.

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 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 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 disposal 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 Rule 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.



DAVID R. CATANACH
Director

DC/mam

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

Notice of Intent - Denial Comments

COG Operating LLC
Maljamar SWD - 02
API 3002540310, T17S-R32E, Sec 30
October 09, 2014

This well has been out of compliance since 06/09/2013. See the Written Order attached to the subsequent report accepted for record by BLM 05/10/2013.

COG has submitted two C-108 applications to NMOCD. COG recently has withdrawn the SWD-1286 (09/09/2014) and filed (08/25/2014) an application ~~to~~ for the Tubb/Drinkard interval located between 6890'-7112'.

The notice of intent submitted 09/29/2014 has no semblance of NMOCD or Federal regulatory compliance for this Federal Wellbore.

This well's recorded activity has been inactive/shut-in for more than 30 days without authorization. An inactive/shut-in well bore is a non-producing completion that is capable of "beneficial use" i.e. production in **paying quantities** or of service use. Temporary abandonment status will be granted only with justification and after the well has been plugged back per Onshore Order #2.III.G. and N.M.O.C.D. plugging guidelines.

- Return the well to "beneficial use" in an acceptable wellbore integrity condition.
- Submit evidence to support your determination that active "beneficial use" exists for BLM approval on the Sundry Notice Form 3160-5 (the original and 3 copies).
- **Should "beneficial use" not be achieved, submit for BLM approval a plan for plug and abandonment.**

Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.