

State of New Mexico  
Energy, Minerals and Natural Resources Department

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Susana Martinez  
Governor

David Martin  
Cabinet Secretary

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

David R. Catanach, Division Director  
Oil Conservation Division



Administrative Order SWD-1574  
August 28, 2015

**ADMINISTRATIVE ORDER  
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, R360 Permian Basin, LLC (the "operator") seeks an administrative order to authorize the Okerlund SWD Well No. 1 located 1470 feet from the South line and 1555 feet from the East line, Unit letter J of Section 7, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico, for the commercial disposal of produced water.

**THE DIVISION DIRECTOR FINDS THAT:**

The application has been duly filed under the provisions of Division Rules 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objection was received within the required suspense 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, R360 Permian Basin, LLC (OGRID 289936), is hereby authorized to utilize its Okerlund SWD Well No. 1 (API 30-025-pending) located 1470 feet from the South line and 1555 feet from the East line, Unit letter J of Section 7, Township 21 South, Range 32 East, NMPM, Lea County, for commercial disposal of oil field produced water (UIC Class II only) in the Devonian formation, through open-hole from **14000 to 16000 feet**. Injection will occur through internally-coated, 4½-inch or smaller tubing and a packer set within 100 feet of the open-hole injection interval.

**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 proposed in the application, and as modified by this Order.

*This permit is limited as advertised to only the Devonian aged rocks and to the depths listed above. It does not permit disposal into deeper formations including the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to that formation.*

*Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formation is open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.*

*The operator shall run separate casing strings through both the potash, and Capitan Reef.*

*Every casing string shall be cemented and circulated to the surface.*

*Within two years after commencing disposal, the operator shall conduct an injection survey, consisting of a temperature log or equivalent, over the entire injection interval using representative disposal rates. Copies of the survey results shall be provided to the Division's District I office and Santa Fe Engineering Bureau office.*

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 2800 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 I 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 I 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 order 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

DRC/mam

cc: Oil Conservation Division – Hobbs District Office  
Bureau of Land Management - Carlsbad  
Application number - pMAM1522254037

## Gallegos, Denise, EMNRD

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**From:** Dade, Randy, EMNRD  
**Sent:** Friday, August 28, 2015 6:55 AM  
**To:** Gallegos, Denise, EMNRD  
**Subject:** RE: Request for Bond Release - Claco Oil Co

OK to release

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**From:** Gallegos, Denise, EMNRD  
**Sent:** Monday, August 24, 2015 10:38 AM  
**To:** Dade, Randy, EMNRD  
**Subject:** Request for Bond Release - Claco Oil Co

*Good Morning Randy,*

*Claco Oil Co has requested the following bond be released. Well transferred to Maverick Operating, LLC. Please confirm.*

**30-015-26626 SALOMEH #001 [314102]**

### General Well Information

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<b>Operator:</b>	[287160] MAVERICK OPERATING, LLC
<b>Status:</b>	Active
<b>Well Type:</b>	Oil
<b>Work Type:</b>	New
<b>Surface Location:</b>	M-36-21S-30E 330 FSL 330 FWL
<b>Lat/Long:</b>	32.4293327, -103.841629 NAD83
<b>GL Elevation:</b>	3249

*Thank you for your help!*

*Denise A. Gallegos  
Bond Administrator  
Oil Conservation Division  
Energy, Minerals & Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, NM 87505  
Office: 505.476.3453  
Fax: 505.476.3462*