

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Gabriel Wade, Acting Director
Oil Conservation Division



Administrative Order IPI-521
March 22, 2019

Ms. Kaitlyn Luck, Montgomery & Andrews, P.A.

On behalf of:

BC Operating, Inc.
4000 N. Big Spring, Suite 310
Midland, TX 79705

RE: Injection Pressure Increase
Berry SWD Well No. 1
SWD;CHERRY CANYON

Dear Madam:

Reference is made to your request on behalf of BC Operating Inc. (OGRID 160825; the "operator") for the application received on June 22, 2017, to increase the maximum allowed surface tubing pressure on the following well(s):

Well No.	API Number	ULSTR	Order Allowing Injection	Existing Pressure Limit (psi)	Existing Tubing (OD inches)
Berry SWD No. 1	30-025-41703	I-35-20S-34E	SWD-1526	1150	4.5

Due to the approved injection interval (the Cherry Canyon formation of the Delaware Mountain Group) and the tendency for lower formation parting pressures in the Delaware Mountain Group, the Division did not concur with the interpretation of the step-rate test (SRT) as submitted by the operator.

The Division requested additional information from the operator including a more detailed review of the original SRT data. Subsequently, the operator provided a revised interpretation of the SRT results which was consistent with formation parting pressures observed in disposal wells in this area and with similar injection intervals.

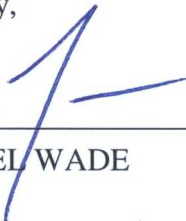
With this additional information provided by the operator, the Division is satisfied that the requested pressure increase is needed to increase the rate of injection and that this pressure increase will not result in the fracturing of the formation and confining strata.

Well No.	Step Rate Test Date	New Pressure Limit (psi)	While Injecting	Injection Interval (feet)	Pressure Gradient (psi/ft)
Berry SWD No. 1	June 13, 2017	1300	Water	5906 to 6960	0.22

This approval is based on the provision that the tubing size, packer setting depth and completion interval for the well(s) does not change. Any future requested pressure increase will require resubmission of additional data and/or 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 the well(s). 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 any injection permit 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,



GABRIEL WADE
Director

GW/prg

cc: Oil Conservation Division – Hobbs District Office
Order SWD-1527
Well file 30-025-41703