

KCS Resources, Inc.
7130 South Lewis Avenue
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Tulsa, OK 74136-5489

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MAR 26 2001



22 March 2001

David Catanach
New Mexico Energy Minerals & Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87504

RE: Administrative Order SWD- 769, Bobby Fee #1 Conversion to SWD

Dear Mr. Catanach,

We request that an extension of one year for the subject permit (enclosed). Marbob Energy Corporation applied for and received this permit last April when they were operating this well. KCS Medallion Resources, Inc. became operator in September and we are still evaluating our plans for the area.

We are participating in a well that is expected to help finalize our plans for the Bobby Fee # 1. We expected the new well to be completed about the first of this year, but drilling problems delayed completion. At present a completion rig is testing the new well. We will not be able to completely evaluate the need for the Bobby Fee # 1 as a salt water disposal well until completion and evaluation of the new well is completed. Even if we were to decide today to complete the well, rig availability would probably keep us from being able to convert the Bobby Fee # 1 prior to the deadline. Additionally we are inquiring about other existing disposal operations in the area that might eliminate our need for this well.

We appreciate your help and consideration and again request an one year extension to begin injection into this well.

Sincerely,

A handwritten signature in black ink that reads "Richard E. Alexander" followed by a stylized number "3".

Richard E. Alexander, P.E. 01/22
Senior Production Engineer



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER SWD-769

**APPLICATION OF MARBOB ENERGY CORPORATION FOR PRODUCED WATER
DISPOSAL, LEA COUNTY, NEW MEXICO.**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Rule 701(B), Marbob Energy Corporation made application to the New Mexico Oil Conservation Division on April 4, 2000, for permission to complete for produced water disposal its Bobby Fee Well No. 1 (API No. 30-025-34765) located 2252 feet from the South line and 990 feet from the West line (Unit L) of Section 25, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, is hereby authorized to complete its Bobby Fee Well No. 1 (API No. 30-025-34765) located 2252 feet from the South line and 990 feet from the West line (Unit L) of Section 25, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Devonian formation from the open hole interval approximately 12,285 feet to 12,288 feet through 2 7/8 inch plastic-lined tubing set in a packer located at approximately 12,250 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

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Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 2457 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Devonian formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, 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 water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection 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, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Administrative Order SWD-769

Marbob Energy Corporation

April 19, 2000

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Approved at Santa Fe, New Mexico, on this 19th day of April, 2000.

A handwritten signature in cursive script, appearing to read "Lori Wrotenberg", is written over a horizontal line.

LORI WROTENBERG, Director

LW/MWA/kv

cc: Oil Conservation Division – Hobbs



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

May 8, 2001

KCS Resources, Inc.
7130 South Lewis Avenue
Suite 700
Tulsa, Oklahoma 74136-5489

Attention: Mr. Richard E. Alexander

Re: Extension of Division Order SWD-769
Bobby Fee No. 1 (API No. 30-025-34765)
Unit L, Section 25, T-9 South, R-36 East, NMPM,
Lea County, New Mexico

Dear Mr. Alexander:

Reference is made to your request dated March 22, 2001 for an extension of the time period in which to commence injection into the Bobby Fee Well No. 1. As you are aware, Division Order No. SWD-769 expires on April 19, 2001 if injection has not yet commenced into the well.

For the reasons outlined in your letter, a one-year extension is hereby granted. If injection has not commenced into the Bobby Fee Well No. 1 on or before April 19, 2002, or, if an additional extension is not granted, the injection authority for the well shall terminate on that date.

Sincerely,

David Catanach
Engineer

Xc: OCD-Hobbs
File-SWD-769