



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

CORRECTED

ADMINISTRATIVE ORDER SWD-784

APPLICATION OF MARATHON OIL COMPANY FOR PRODUCED WATER AND GAS PLANT WASTE DISPOSAL, EDDY COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Marathon Oil Company made application to the New Mexico Oil Conservation Division on July 28, 2000, for permission to complete for produced water and gas plant waste disposal its AGI Well No. 1 (**API No. N/A**) located 2138 feet from the North line and 1060 feet from the West line (Unit E) of Section 23, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico. The AGI Well No. 1 is to be drilled and completed to replace Marathon's Indian Basin Com Well No. 1 disposal well.

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 AGI Well No. 1 (**API No. N/A**) located 2138 feet from the North line and 1060 feet from the West line (Unit E) of Section 23, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico, in such a manner as to permit the injection of produced water and gas plant waste for disposal purposes into the Devonian formation from approximately 10,350 feet to 11,000 feet (Openhole) through 5 1/2 inch plastic-lined tubing set in a packer located at approximately 10,300 feet.

IT IS FURTHER ORDERED THAT:

Within 30 days of commencing injection operations into the AGI Well No. 1, injection operations in Marathon's Indian Basin Com Well No. 1 disposal well shall cease and it shall be plugged back pursuant to Division standards.

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.

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 2070 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 Artesia 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 Artesia 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

Administrative Order SWD-784

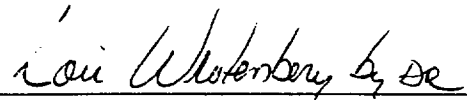
Marathon Oil Company

August 17, 2000

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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.

Approved at Santa Fe, New Mexico, on this 17th day of August, 2000.

A handwritten signature in cursive script, reading "Lori Wrotenbery, Director", written over a horizontal line.

LORI WROTENBERY, Director

LW/MWA/kv

cc: Oil Conservation Division – Artesia
U.S. Bureau of Land Management - Carlsbad



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Oil Conservation Division

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DISPOSAL, EDDY COUNTY, NEW MEXICO.***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

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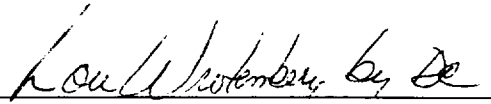
Marathon Oil Company

August 14, 2000

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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.

Approved at Santa Fe, New Mexico, on this 14th day of August, 2000.

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

LORI WROTENBERY, Director

LW/MWA/kv

cc: Oil Conservation Division – Artesia
U.S. Bureau of Land Management - Carlsbad