



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER SWD-793

APPLICATION OF PERMIAN RESOURCES, INCORPORATED FOR PRODUCED WATER DISPOSAL, LEA COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Permian Resources Incorporated made application to the New Mexico Oil Conservation Division on July 27, 2000, for permission to complete for produced water disposal its Harrison Well No. 2 (**API No. 30-025-11690**) located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 25 South, Range 37 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.
- (4) An objection by the surface owner was received within the waiting period prescribed by said rule.
- (5) This application was set for an examiner hearing.
- (6) The concerns of the surface owner have since been resolved and they have now withdrawn their objection.

IT IS THEREFORE ORDERED THAT:

The applicant herein, is hereby authorized to complete its Harrison Well No. 2 (**API No. 30-025-11690**) located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, in a such manner as to permit the injection of produced water for disposal purposes into the Queen formation from approximately 3,218 feet to 3,366 feet through 2 3/8 inch plastic-lined tubing set in a packer located at approximately 3,200 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.

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 644 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 Queen 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.

MILLER, STRATVERT & TORGERSON, P. A.
LAW OFFICES

RAJNE B. MILLER
ALAN C. TORGERSON
ALICE T. LORENZ
GREGORY W. CHASE
LYMAN G. SANDY
STEPHEN M. WILLIAMS
STEPHAN M. VIDMAR
ROBERT C. GUTIERREZ
SETH V. BINGHAM
JAMES B. COLLINS
TIMOTHY R. BRIGGS
RUDOLPH LUCERO
DEBORAH A. SOLOVE
GARY L. GORDON
LAWRENCE R. WHITE
SHARON P. GROSS
VIRGINIA ANDERMAN
MAPLE D. LIGHTSTONE
J. SCOTT HALL*
THOMAS R. MACK
TERRI L. SAUER
JOEL T. NEWTON
THOMAS M. DOMME

RUTH O. PREGENZER
JEFFREY E. JONES
MANUEL I. ARRIETA
ROBIN A. GOBLE
JAMES R. WOOD
DANA M. KYLE
KIRK R. ALLEN
RUTH FUESS
KYLE M. FINCH
H. BROOK LASKEY
KATHERINE W. HALL
FRED SCHILLER
PAULA G. MAYNES
MICHAEL C. ROSS
CARLA PRANDO
KATHERINE N. BLACKETT
JENNIFER L. STONE
ANDREW M. SANCHEZ
M. DYLAN O'REILLY
AMINA QUARNALI-LINSLEY
BEATE BOUDRO
JENNIFER D. HALL

COUNSEL

PAUL W. ROBINSON
ROSS B. PERKAL
JAMES J. VIDLAND
BRADLEY D. TEPPER**
GARY RISLEY

OF COUNSEL

WILLIAM K. STRATVERT
RALPH WM. RICHARDS

ALBUQUERQUE, NM

500 MARQUETTE N.W., SUITE 1100
POST OFFICE BOX 25687
ALBUQUERQUE, NM 87125-0687
TELEPHONE: (505) 842-1950
(800) 424-7585
FACSIMILE: (505) 243-4408

SANTA FE, NM

150 WASHINGTON AVE., SUITE 300
POST OFFICE BOX 1986
SANTA FE, NM 87504-1986
TELEPHONE: (505) 989-9614
FACSIMILE: (505) 989-9857

FARMINGTON, NM

300 WEST ARRINGTON, SUITE 300
POST OFFICE BOX 869
FARMINGTON, NM 87499-0869
TELEPHONE: (505) 326-4521
FACSIMILE: (505) 325-5474

LAS CRUCES, NM

500 S. MAIN ST., SUITE 800
POST OFFICE BOX 1209
LAS CRUCES, NM 88004-1209
TELEPHONE: (505) 523-2481
FACSIMILE: (505) 526-2215

PLEASE REPLY TO SANTA FE

* NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL & GAS LAW
** NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW

November 30, 2000

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

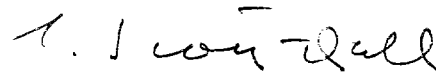
Re: NMOCD Case No. 12490; Application of Permian Resources, Inc. for Produced Water Disposal, Lea County, New Mexico

Dear Ms. Wrotenbery:

The above referenced application for administrative approval for disposal of produced water was set for examiner hearing due to the receipt of an objection by the surface owner. The surface owner's concerns have since been resolved and the objection waived. The application may once again be processed administratively and, consequently, we request that the examiner hearing be dismissed.

Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.



J. Scott Hall

JSH/ao

cc: Mark Ashley, NMOCD
Will Porter, Permian

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* NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL & GAS LAW
** NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW

November 29, 2000

Mr. Mark Ashley
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 12490; Application of Permian Resources, Inc. for Produced Water Disposal, 2310' FSL, 990' FEL, Sec. 22, T-25-S, R-37-E, NMPM, Lea County, NM

Dear Mr. Ashley:

This application for administrative approval for produced water disposal was referred for examiner hearing due to an objection received from the surface owners, George and Joyce Willis. The Willis's concerns have since been resolved and they have now withdrawn their objection to the application. A copy of the Willis's November 20, 2000 letter advising of the withdrawal of their protest is enclosed.

On behalf of the Applicant, it is requested that administrative approval of the application for produced water disposal be processed at the Division's earliest convenience.

Should you require additional information, please do not hesitate to contact me.

Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.



J. Scott Hall

JSH/ao
Enclosure(s) – as stated

cc: George Willis and Joyce Willis, Willis Ranch
Will Porter, Permian Resources, Inc.

November 20, 2000

Willis Ranch
P.O. Box 307
Jal, New Mexico 88252

PERMIAN RESOURCES, INC.
P.O. Box 590
608 North Main
Midland, Texas 79701

RE: NM OCD #12490
S 22 T-25-S, R-E NMPM
LEA COUNTY, NM

In the matter concerning the protest to PERMIAN RESOURCES application for disposal of produced water from their adjoining operations, we do hereby withdraw that protest. The items that were addressed in the protest have been addressed by PERMIAN RESOURCES and an agreement has been drawn. The concerns have been adequately addressed. We do however, reserve the right to protest if need arises and these concerns are not addressed in the future.

We do appreciate the courtesy and attitude of PERMIAN RESOURCES in addressing this matter (especially the efforts of Mr. Will Porter). We also thank the OCD for their professionalism in the approach to addressing the application and protest.

Respectfully submitted,



George Willis and Joyce M. Willis
Owners Willis Ranch