

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order IPI-509

August 16, 2016

Administrative Application Reference No. pMAM16218052249

Ms. Sarah Pressley
BC Operating, Inc.
4000 North Big Spring Street, Suite 310
Midland, TX. 79705

RE: Injection Pressure Increase
Grande State SWD Well No. 1
Bell and Cherry Canyon formations / Delaware Mountain Group

Dear Sir or Madame:

Reference is made to your request on behalf of BC Operating, Inc. (OGRID 160825) received on June 6, 2016, to increase the maximum allowed surface tubing pressure on the following well:

Well No.	API Number	ULSTR	Permitting Order and Last Order Specifying Pressure Limit	Existing Pressure Limit, Psi	Existing Tubing OD, In.
#1	30-015-31910	C-32-23S-29E	SWD-1623	676	4-1/2

It is our understanding that the requested pressure increase is needed in order to increase the rate of disposal and this pressure increase will not result in the fracturing of the formation and confining strata.

Based on the results of the submitted step rate injection test(s), the following shall be the new pressure limit(s) while equipped with **disposal** tubing:

Well No.	Step Rate Test Date	New Pressure Limit	While Injecting	Injection Interval, Feet	Pressure Gradient (in psi/ft)
#1	5/26/16	870	water	3785 to 4080	0.23

This approval is based on the provision that the tubing size, packer setting depth and completion interval for the well(s) does not change. 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.

Any future requested pressure increase will require resubmission of additional data and/or a new step-rate test, and may only be approved by Division hearing only. Applicant shall satisfy all of the notice requirements in Division Rule 19.15.26.8 and Division Rule 19.15.4.12 A (8) 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,



DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division – Artesia District Office
New Mexico State Land Office – Oil, Gas, and Minerals
Administrative Order –SWD-1623
Well File – 30-015-31910