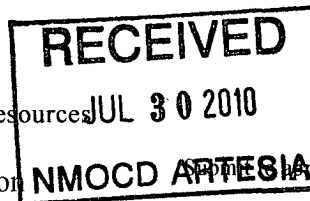


District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505



Form C-101  
June 16, 2008

Appropriate District Office  
☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address OGX Resources, LLC		OGRID Number 217955	
		API Number 30- 015 23849	
Property Code 38315 96802	Property Name Perkins SWD	Well No 1	
Proposed Pool I Undesignated Delaware		Proposed Pool 2	

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Comity
G	30	26S	29E		1980	North	1980	East	Eddy

8 Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

Work Type Code re-entry	Well Type Code disposal/injection	Cable/Rotary Rotary	Lease Type Code fee	Ground Level Elevation 2923' GR
multiple no	Proposed Depth 4220'	Fortnatio. Delaware	Contractor tba	Spud Date upon approval

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24#	420'	300 sx C	surface circulated
7 7/8"	5 1/2"	17#	4220'	750 sx C	will circulate

" Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.  
Describe the blowout prevention program, if any. Use additional sheets if necessary.

As per Approved Disposal Application SWD-1230 OGX Resources, LLC proposes to re-enter the Orla Petco, Inc., Perkins #1 to utilize for OGX lease/area injection.

5 1/2" casing will be run to 4220 and circulated to surface with CI C cement 2% CaCl.


The proposed perforations will be from 2750-4230'.

No H<sub>2</sub>S is anticipated in this area. No earthen pits will be utilized for the re-entry.

Copy of Disposal permit attached.

SWD-1230

I hereby certify that the information given above is true and complete to the best of my knowledge and belief		OIL CONSERVATION DIVISION	
Signature 		Approved by 	
Printed name. Ann E. Ritchie		Title Geologist	
Title Regulatory Agent		Approval Date: 8/9/2008 Expiration Date: 8/9/2012	
E-mail Address: ann.wtor@gmail.com			
Date. 7-26-10	Phone 432 684-6381	Conditions of Approval Attached <input type="checkbox"/>	



# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

**Jim Noel**  
Cabinet Secretary

**Karen W. Garcia**  
Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



Administrative Order SWD-1230  
July 19, 2010

## ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Rule 26.8B., OGX Resources, LLC seeks an administrative order to utilize its Perkins Well No. 1 (API 30-015-23849) located 1980 feet from the North line and 1980 feet from the East line, Unit Letter G of Section 30, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico, for produced water disposal purposes.

### THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 26.8B. Satisfactory information has been provided that affected parties as defined in Rule 26.8B.(2) have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 26.8 will be met and the operator is in compliance with Division Rule 5.9.

### IT IS THEREFORE ORDERED THAT:

The applicant, OGX Resources, LLC, is hereby authorized to utilize its Perkins Well No. 1 (API 30-015-23849) located 1980 feet from the North line and 1980 feet from the East line, Unit Letter G of Section 30, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico, for disposal of oil field produced water (UIC Class II only) into the Bell Canyon and Cherry Canyon members of the Delaware Mountain Group through perforations from 2750 feet to 4230 feet through tubing and packer set within 100 feet of the gross disposal interval.

### IT IS FURTHER ORDERED THAT:

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

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to



the packer setting depth to assure casing integrity.

The wellhead injection pressure on the well shall be limited to **no more than 550 psi**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate-Test.

The operator shall notify the supervisor of the Division's district office 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 provide written notice of the date of commencement of disposal to the Division's district office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 26.13 and 7.24.

Without limitation on the duties of the operator as provided in Division Rules 30 and 29, or otherwise, the operator shall immediately notify the Division's district office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

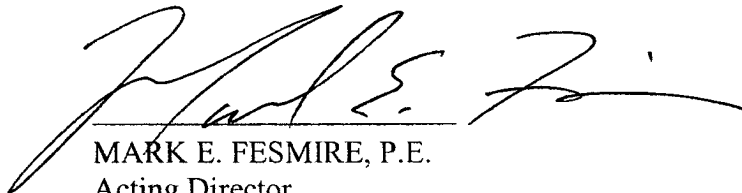
The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

In accordance with Division Rule No 26.12.C., the disposal 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, mailed by the operator prior to the termination date, may grant an extension thereof for good cause. One year after disposal into the well has ceased, the authority to dispose will terminate *ipso facto*.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

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 or protectable waters or (2) consistent with the

requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.



MARK E. FESMIRE, P.E.  
Acting Director

MEF/wvjj

cc: Oil Conservation Division – Artesia