



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

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Director

Oil Conservation Division

Saga Petroleum LLC
415 W. Wall St. Suite 1900
Midland, TX 79701

1/24/2001

Re: OMB form 1004-0135 (Copies attached)

Dear Sir;

The attached forms do not indicate isolation of the injection zone by means of a bridge plug or cement plug, therefore approval of your request for T/A status will only be granted for one year.

NMOCD rules are quoted for your information.

19.15.9.705 COMMENCEMENT, DISCONTINUANCE, AND ABANDONMENT OF INJECTION OPERATIONS

A. The following provisions apply to all injection projects, storage projects, salt water disposal wells and special purpose injection wells:

B. Notice of Commencement and Discontinuance

(1) Immediately upon the commencement of injection operations in any well, the operator shall notify the Division of the date such operations began.

(2) Within 30 days after permanent cessation of gas or liquefied petroleum gas storage operations or within 30 days after discontinuance of injection operations into any other well, the operator shall notify the Division of the date of such discontinuance and the reasons therefor. **No injection well may be temporarily abandoned for a period exceeding one year unless the injection interval has been isolated by use of cement or a bridge plug.** The Director of the Division may delay the cement or bridge plug requirements above upon a demonstration that there is a continuing need for such a well, that the well exhibits mechanical integrity, and that continued temporary abandonment will not endanger underground sources of drinking water.

(3) Before any injection well is plugged, the operator shall obtain approval for the well's plugging program from the appropriate District Office of the Division in the same manner as when plugging oil and gas wells or dry holes.

C. Abandonment of Injection Operations

(1) Whenever there is a continuous **one year** period of non-injection into any injection project, storage project, salt water disposal well, or special purpose injection well, such project or well shall be considered abandoned, and the authority for injection shall automatically terminate ipso facto.

(2) For good cause shown, the Division Director may grant an administrative extension or extensions of injection authority as an exception to Subsection C, Paragraph (1) above of 19.15.9.705 NMAC. [1-1-50...2-1-96; 19.15.9.705 NMAC - Rn, 19 NMAC 15.I.705, 11-30-00; A, 11-30-00]

Please note upon expiration of this one year period wells must be returned to injection status or the authority to inject will be withdrawn. Submission of Form C-104 returning the wells to production status and performing a new mechanical integrity test will authorize a 5 year T/A approval.

Respectfully,

Gerry Guye
Field Representative I