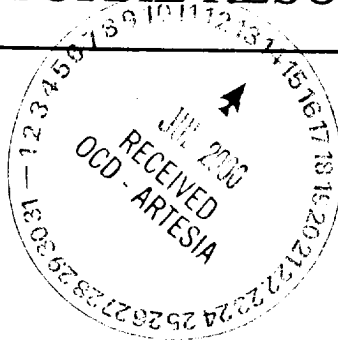




NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary



Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER SWD-705
1st Amendment

APPLICATION OF MARATHON OIL COMPANY FOR PRODUCED WATER 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 June 26, 2000, for permission to **recomplete** for produced water disposal its Indian Hills Unit Well No. 12 located 2080 feet from the North line and 2130 feet from the West line (Unit F) of Section 33, Township 21 South, Range 24 East, NMPM, Eddy 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) No objections have been received within the waiting period prescribed by said rule; and,
- (5) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant herein, Marathon Oil Company is hereby authorized to **recomplete** its Indian Hills Unit Well No. 12 located 2080 feet from the North line and 2130 feet from the West line (Unit F) of Section 33, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, in such a manner so as to permit the injection of produced water for disposal purposes into the Devonian formation at approximately 10,900 feet to 11,500 feet through **5-inch** plastic-lined tubing screwed into the **4 ½-inch** liner at approximately 9,925 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, and at a frequency of at least every five years thereafter, the casing shall be pressure tested to assure integrity of said casing.

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 **2,162 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 production/disposal equipment and of the 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.

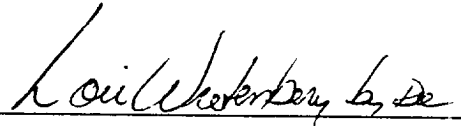
PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements 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 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.

Amended Administrative Order SWD-705
Marathon Oil Company
July 11, 2000
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Approved at Santa Fe, New Mexico, on this 11th day of July, 2000.



LORI WROTENBERY, Director

LW/MWA/kv

xc: Oil Conservation Division - Artesia /
NM State Land Office - Oil and Gas Division
US Bureau of Land Management - Carlsbad