

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



July 30, 2012

COG Operating LLC
550 West Texas
Suite 1300
Midland, TX 79701

**Re: Notice of Termination of Authority to Inject into the Black River SWD #1,
API #30-015-24067, Administrative Order SWD-1187**

Dear Operator:

According to Oil Conservation Division (OCD) records, the authority to inject into the Black River SWD #1 (API #30-015-24067) has terminated pursuant to Administrative Order SWD-1187 and OCD Rule 19.15.26.12.C NMAC due to a continuous one year period of non-injection into the well. OCD records show COG Operating LLC (COG) as the operator of record of the well.

On August 11, 2009, the OCD issued Administrative Order SWD-1187 which authorized disposal authority into the Black River SWD #1. (A copy of SWD-1187 is enclosed.)

Administrative Order SWD-1187 states:

In accordance with Division Rule No. 26.12.C [19.15.26.12.C NMAC], 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.

Division Rule No. 26.12.C (19.15.26.12.C NMAC) states:

C. Abandonment of Injection Operations

(1) Whenever there is a continuous one year period of non-injection into all wells in an injection or storage project or into a salt water disposal well or special purpose injection well, the division shall consider the project or well abandoned, and the authority for injection shall automatically terminate ipso facto.

(2) For good cause shown, the director may grant an administrative extension or extensions of injection authority as an exception to Paragraph (1) of Subsection C of 19.15.26.12 NMAC, provided that any such extension may be granted only prior to the end of one year or [sic] continuous non-injection, or during the term of a previously granted extension.

OCD Records show that the OCD Director approved the operator's request for an extension until August 11, 2011. (A copy of the approval is enclosed.)

OCD records do not show any injection into well. (A copy of the well's injection records is enclosed.)

Therefore, Administrative Order SWD-1187 has terminated pursuant to its own terms and pursuant to OCD Rule 19.15.26.12.C NMAC.

Please disconnect any injection lines.

If COG wishes to inject into the well, it will have to reapply for authority to inject with the Division's Engineering Bureau. Please contact Will Jones in the Division's Engineering Bureau at (505) 476-3448 or william.v.jones@state.nm.us to discuss this matter further.

I would like to discuss this matter further with COG. Please call me at (505) 476-3493.

Sincerely,



Daniel Sanchez
New Mexico UIC Program Director
OCD Compliance & Enforcement Manager

Ec:

Richard Inge, OCD Artesia
Randy Dade, OCD Artesia
Theresa Duran-Saenz,
Sonny Swazo, OCD Assistant General Counsel

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order SWD-1187

August 11, 2009

Mr. Brian Collins
Marbob Energy Corp
PO Box 227
Artesia, NM 88211-0227

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Rule 26.8B., Marbob Energy Corp seeks an administrative order to re-enter and utilize its Black River SWD Well No. 1 (API 30-015-24067) located 1980 feet from the South line and 1980 feet from the West line, Unit K of Section 5, Township 24 South, Range 27 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, Marbob Energy Corp, is hereby authorized to re-enter and utilize its Black River SWD Well No. 1 (API 30-015-24067) located 1980 feet from the South line and 1980 feet from the West line, Unit K of Section 5, Township 24 South, Range 27 East, NMPM, Eddy County, New Mexico, for disposal of produced water into the Delaware formation from 4174 feet to 5250 feet through 2-7/8 inch or smaller diameter, plastic-lined tubing set within 100 feet of the 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.

Oil Conservation Division * 1220 South St. Francis Drive

* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



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 835 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 an acceptable Step-Rate-Test.

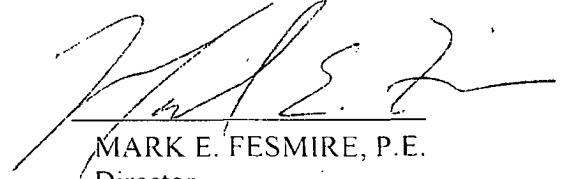
The operator shall notify the supervisor of the Division's district II office in Artesia of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's district II 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.

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.
Director

MEF/wvjj

cc: Oil Conservation Division – Artesia
State Land Office – Oil, Gas, and Minerals Division



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



July 19, 2010

Mr. Brian Collins
Marbob Energy Corporation
PO Box 227
Artesia, NM 88211

Re: Administrative Order SWD-1187

Black River SWD Well No. 1 (API 30-015-24067)
1980 FSL, 1980 FWL, Unit K, Sec 5, T24S, R27E, NMPM, Eddy County
Injection into the Delaware Mountain Group, Depths: 4174 to 5250

You have submitted a request on behalf of Marbob Energy Corp, for an extension of this disposal permit beyond the one year deadline to commence injection for the reasons outlined in the attached correspondence.

The Division finds that granting this request to extend this injection permit is in the interest of conservation and will prevent waste and protect the environment.

All requirements of the above referenced injection permit and agreements in the application remain in full force and effect. Please note per Division rules, change of operator for injection and SWD wells is not automatic and should be approved through Compliance and Enforcement of the Santa Fe office.

The deadline to commence injection is hereby extended until August 11, 2011.



MARK E. FESMIRE, P.E.
Acting Director

Cc: Oil Conservation Division – Artesia,
File: SWD-1187



Jones, William V., EMNRD

From: Brian Collins [bcollins@marbob.com]
Sent: Thursday, July 15, 2010 8:02 AM
To: Jones, William V., EMNRD
Subject: Re: Black River SWD 1 Admin Order SWD-1187 30-015-24067

Will:

Sorry about the slow reply--it's been busy around here lately. I checked with our land group and they say there are no changes on the area of review from original C-108 submission. Thanks.

Brian Collins
Marbob

----- Original Message -----

From: Jones, William V., EMNRD
To: Brian Collins
Sent: Tuesday, July 06, 2010 8:27 AM
Subject: RE: Black River SWD 1 Admin Order SWD-1187 30-015-24067

Brian:
Is there any change in the Area of Review as far as new wells or obviously new owners?

Will Jones
New Mexico
Oil Conservation Division
Images Contacts

From: Brian Collins [mailto:bcollins@marbob.com]
Sent: Tuesday, July 06, 2010 7:27 AM
To: Jones, William V., EMNRD
Subject: Black River SWD 1 Admin Order SWD-1187 30-015-24067

Will:

The C-108 on the captioned well expires 11 August 2010. What do I need to do to get an extension on this date?

We would like to keep the C-108 approved because we're getting ready to do a workover on a nearby well that may result in significant water production and therefore benefit from a nearby SWD well. Thanks.

Brian Collins
Marbob Energy
bcollins@marbob.com

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30-015-24067 BLACK RIVER SWD #001 [308003]**General Well Information****Status:** New (Not Drilled or Completed)**History****Comments****Operator**

Company: [229137] COG OPERATING LLC
Address: 550 W TEXAS SUITE 1300
 MIDLAND, TX 79701
Country:
Main Phone:

Central Contact Person

No district contact found.

Pits**Casing****Well Completions**

[72165] BLACK RIVER;BS, NE (GAS)	Status: Zone Permanently Plugged	Last Produced:
[96100] SWD;DELAWARE	Status: New, Not Drilled	Last Produced:
[97012] WC; DELAWARE	Status: Zone Permanently Plugged	Last Produced:
[96053] WC;BONE SPRING	Status: Zone Permanently Plugged	Last Produced:

Financial Assurance**Compliance**Note that Financial Assurance and Inactive Well Compliance are documented in separate reports ([Inactive Well Report](#), [Financial Assurance Report](#)).

Also note that some compliance issues are addressed at the operator level so not listed under each well.

GEG0821240605	Date of Violations: 7/30/2008	Violations: Monitoring/Reporting
MLB0634841050 (Order No. in comments)	Date of Violations: 12/13/2006	Violations: Identification (Well Sign) , Pollution and Contamination , Permit Violation

Complaints, Incidents and Spills

No Incidents Found

Please note that incidents that impact ground water are recorded along with "facilities" which may not be wells, so although the initial report may be recorded here as a spill, information related to the abatement plans, remediation plans and ground water impact information are not yet part of this application.

Orders

ACO - Inactive Wells ACOI-108-0
Salt Water Disposal SWD-1187-0

Production / Injection[Show All Production](#) [Export to Excel](#)

Earliest Production in OCD Records:					Last				
Time Frame	Production				Injection				
	Oil(BBLS)	Gas(MCF)	Water (BBLS)	Days P/I	Water (BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure
2008									
WC; DELAWARE									
Jun	0	0	0	0	0	0	0	0	0
Jul	0	0	0	0	0	0	0	0	0

Aug	0	0	0	0	0	0	0	0	0
Pool Total:	0	0	0	0	0	0	0	0	0
Annual Total:	0	0	0	0	0	0	0	0	0
Grand Total:	0	0	0	0	0	0	0	0	0

Transporters
