

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



Administrative Order PMX-317

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-13680 and in accordance with Rule 19.15.26.8(F)(6) NMAC, Tarco Energy, LC (OGRID No. 279579) has made application to the Oil Conservation Division (“OCD”) for approval of an additional injection well for its Russell C Pressure Maintenance Project located within the Empire; Yates-Seven Rivers pool (22230) in Eddy County, New Mexico. The Magruder Well No. 19 (the “well”) is being proposed for conversion from production to injection of water within this project.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8(B) NMAC and may be approved administratively by the Director without notice and hearing as provided for in 19.15.26.8(F)(6) NMAC. The proposed well is eligible for conversion to injection under the terms of that rule and Ordering Paragraph (18). The applicant has presented satisfactory evidence that all requirements prescribed in 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

The proposed expansion of the above-referenced pressure maintenance project, will prevent waste, is in the best interests of conservation, will not impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED THAT:

Tarco Energy, LC (the “operator”) is hereby authorized to inject water into the following well for the purpose of secondary recovery through plastic-lined tubing set into a packer:

API Number	Well Name	Lot/ Unit	Sec	Twp	Rng	Footage F/S	Footage E/W	Injection Interval (ft); Completion
30-015-37744	Magruder No. 19	J	35	17S	27E	1610 ft FSL	1645 ft FEL	446’ – 487’; perforations

The wellhead injection pressure on the well shall be limited to **no more than 89 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 operator shall set the injection packer no more than 100 feet above the shallowest perforation for the permitted injection interval for the well in the application.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected fluid enters only the approved injection 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 well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing injection and prior to resuming injection each time any injection packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Rule 19.15.26.11(A) NMAC. The Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on this well shall be limited as listed above. In addition, the injection well or header system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressures to the maximum allowable pressures for this well.

Subject to the limitations within the hearing order permitting this project, the Director may authorize an increase in tubing pressure upon a proper showing by the operator of the proposed well that such higher pressure will not result in migration of the injected fluids from the approved injection interval. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the Inspection Supervisor of the date and time of the installation of injection equipment and of any MIT test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of injection using Form C-103 and submitting using OCD E-permitting. The operator shall submit monthly reports of the injection operations on Form C-115, in accordance with Rules 19.15.26.13 and 19.15.7.24 NMAC.

Additionally, the operator is required to satisfy the requirement of Ordering Paragraph (4) of Order No. R-13680 which states:

"The operator shall monitor the oil and gas production from the producing area of review wells and report these productions to Division on a quarterly basis."

For clarification of this requirement, the following producing area of review wells are to be monitored with the results summaries in a report to be submitted to

(1) Brad State No. 1 (API No. 30-015-40618) located in Lot 3 of Section 2, R18S, R27E, NMPM;

(2) Brad State No. 2 (API No. 30-015-40619) located in Lot 3 of Section 2, R18S, R27E, NMPPM;

(3) Brad State No. 3 (API No. 30-015-40620) located in Lot 3 of Section 2, R18S, R27E, NMPPM;

(4) Magruder No. 17 (API No. 30-015-37742) located in Unit I of Section 35, R17S, R27E, NMPPM;

(5) Magruder No. 21 (API No. 30-015-37746) located in Unit J of Section 35, R17S, R27E, NMPPM;

(6) Russell C No. 5Y (API No. 30-015-36213) located in Unit O of Section 35, R17S, R27E, NMPPM; and

(7) Russell C No. 6X (API No. 30-015-36073) located in Unit N of Section 35, R17S, R27E, NMPPM.

Further, this information is to be collected on a quarterly basis as required in the order; however, the operator shall compile the quarterly monitoring reports for a calendar year and submit it as single document attached to a Form C-103 Subsequent Report using the injection well approved in Order No. R-13680, Russell C Well No. 3 (API No. 30-015-37783), for filing and placement in the well file.

Without limitation on the duties of the operator as provided in Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the OCD of any failure of the tubing, casing or packer in the approved injection 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 OCD approval. The OCD 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 OCD may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

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.

PROVIDED FURTHER THAT, jurisdiction is retained by the OCD 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 OCD may, after notice and hearing, terminate the disposal authority granted herein. The subject well shall be governed by all provisions of Division Order No. R-13680 and associated administrative orders.

The injection authority granted herein shall terminate one (1) year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the OCD, upon written request by the operator received prior to the one-year deadline, may grant an extension thereof for good cause shown.



ADRIENNE SANDOVAL

Director

11/14/2022

Date

cc: New Mexico State Land Office
Well File – 30-015-37744
Case File 14931