

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

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Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order IPI-435
April 22, 2013

Mesquite SWD, Inc.
P. O. Box 1479
Carlsbad, NM 88221
Attn: Dr. Kay Havenor, Geoscience Technologies

RE: Injection Pressure Increase
Disposal Permit: SWD-1269
Pool: SWD; Bell Canyon and Cherry Canyon members; Delaware Mountain Group
Heavy Metal 12 Federal Well No. 1 API 30-015-29602
Unit K, Sec 12, T24S, R31E, NMPM, Eddy County, New Mexico

Dear Dr. Havenor:

Reference is made to your request on behalf of Mesquite SWD, Inc. (OGRID 161968) received by the Division on April 9, 2013, to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for water disposal in the Bell Canyon and Cherry Canyon (of the Delaware Mountain Group) by Division administrative order SWD-1269 approved March 29, 2011. That permit allowed disposal through open hole from 4415 feet to 7050 feet at a maximum surface disposal pressure of 883 psi.

It is our understanding that this well will not take a sufficient volume of fluid at the current pressure limit and a higher pressure limit is needed. It is also understood that an increase will not result in the fracturing of the formation and confining strata.

Based on a step rate test for this well run February 28, 2013, through 3-1/2 inch tubing, you are hereby authorized to inject at the following maximum surface tubing pressure:

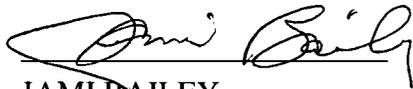
Heavy Metal 12 Federal Well No. 1 API 30-015-29602 1400 psi

This approval is based on the provision that the tubing size, packer setting depth and completion interval for this well does not change. Any future requested pressure increase will require resubmission of additional data and a new step-rate test. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well. This approval is subject to your

being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The Division Director may rescind this permitted injection pressure increase if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval or is endangering any fresh water aquifer.

Sincerely,



JAMI BAILEY
Director

JB/pg

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad
File: SWD-1269