

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order SWD-1649
September 2, 2016

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8B, NMAC, Mesquite SWD, Inc. (the "operator") seeks an administrative order for its proposed Cedar Canyon SWD Well No. 1 with a location 1310 feet from the South Line and 1153 feet from the East line, Unit P of Section 8, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico, for commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule 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 Division Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Division Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

Mesquite SWD, Inc. (OGRID 161968), is hereby authorized to utilize its Cedar Canyon SWD Well No. 1 (API 30-015-pending) with a proposed location 1310 feet from the South Line and 1153 feet from the East line, Unit P of Section 8, Township 24 South, Range 29 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) through an open-hole interval within the Devonian and Silurian formations from 14800 feet to 16000 feet. Injection will occur through internally-coated, 4½-inch or smaller tubing and a packer set within 100 feet of the uppermost perforation.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formations are open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.

This permit does not permit disposal into the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to this formation.

The operator shall supply the Division with a copy of a mudlog over the permitted disposal

interval and an estimated insitu water salinity based on open-hole logs. If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District II office and the operator shall be required to receive written permission prior to commencing disposal.

Operator shall submit the results of the swab test which shall include formation water analysis and hydrocarbon potential of the injection interval to the Division's District geologist and Santa Fe Bureau Engineering office prior to commencing injection.

The operator shall circulate all surface and intermediate casings to the surface.

The operator shall run a CBL (or equivalent) across the 7-5/8-inch liner from approximately 14800 feet to 11000 feet to demonstrate a good cement across the 7-5/8-inch liner, and good bond between the liner and the 9-5/8-inch casing.

Within one year after commencing disposal, the operator shall submit to the Division copies of an injection survey run on this well consisting of a temperature log, or equivalent, run under representative disposal rates.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the well construction proposed and described in the application.

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 disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division 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 the well shall be limited to **no more than 2960 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 sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District II office of the date and

time of the installation of disposal equipment and of any MIT 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 office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's District II 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.


The injection authority granted under this order is not transferable except upon division approval. The Division 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 Division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

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.


DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division – Artesia District Office
Administrative Application No. - pMAM1623131212

Submit 1 Copy To Appropriate District
Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised July 18, 2013

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-015-44054
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other SWD		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator MESQUITE SWD, INC.		6. State Oil & Gas Lease No.
3. Address of Operator PO BOX 1479 CARLSBAD NM 88220		7. Lease Name or Unit Agreement Name CEDAR CANYON SWD
4. Well Location Unit Letter P : 1310 feet from the SOUTH line and 1153 feet from the EAST line Section 8 Township 24S Range 29E NMPM EDDY County		8. Well Number 1
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 2929' GR		9. OGRID Number 161968
		10. Pool name or Wildcat [96101] SWD; DEVONIAN

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐
CLOSED-LOOP SYSTEM ☐
OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐
OTHER: Change plans/tubing size ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

04/14/17 - Ran 5771' 4 1/2" 13.5# P-110 tubing. Set packer @ 14684'. 4 1/2" tubing set @ 14729'.
Ran 8958' 5 1/2" 20# T-95 tubing. X-over @ 8958'.

Riley Neatherlin w/Mesquite SWD, Inc. spoke with Phillip Goetze and Will Jones and obtained verbal approval to run the tapered tubing string. He also spoke with Robert Byrd at the District office regarding the change.

Order SWD-1649.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Melanie J. Wilson TITLE Regulatory Analyst DATE 05/25/2017

Type or print name Melanie J. Wilson E-mail address: mjp1692@gmail.com PHONE: 575-914-1461

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):

Submit To Appropriate District Office Two Copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 811 S. First St., Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505		State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505			Form C-105 Revised August 1, 2011		
		1. WELL API NO.			30-015-44054		
		2. Type of Lease			<input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> FED/INDIAN		
		3. State Oil & Gas Lease No.					
WELL COMPLETION OR RECOMPLETION REPORT AND LOG							
4. Reason for filing:				5. Lease Name or Unit Agreement Name			
<input checked="" type="checkbox"/> COMPLETION REPORT (Fill in boxes #1 through #31 for State and Fee wells only) <input type="checkbox"/> C-144 CLOSURE ATTACHMENT (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33; attach this and the plat to the C-144 closure report in accordance with 19.15.17.13.K NMAC)				CEDAR CANYON SWD			
7. Type of Completion:				6. Well Number:			
<input checked="" type="checkbox"/> NEW WELL <input type="checkbox"/> WORKOVER <input type="checkbox"/> DEEPENING <input type="checkbox"/> PLUGBACK <input type="checkbox"/> DIFFERENT RESERVOIR <input type="checkbox"/> OTHER				1			
8. Name of Operator				9. OGRID			
MESQUITE SWD, INC.				161968			
10. Address of Operator				11. Pool name or Wildcat			
PO BOX 1479 CARLSBAD NM 88221				[96101] SWD:DEVONIAN			
12. Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	
Surface:	P	8	24S	29E		1310	
B11:							
13. Date Spudded	14. Date T.D. Reached	15. Date Rig Released	16. Date Completed (Ready to Produce)		17. Elevations (DF and RKB, RT, GR, etc.)		
02/12/2017	04/12/2017	04/15/2017	04/14/2017		2929' GR		
18. Total Measured Depth of Well		19. Plug Back Measured Depth		20. Was Directional Survey Made?		21. Type Electric and Other Logs Run	
15764'		15764'		No		Comp GR/Borehole Profile/CBI	
22. Producing Interval(s) of this completion - Top, Bottom, Name							
14686' - 15764' (OH) Devonian							
CASING RECORD (Report all strings set in well)							
CASING SIZE	WEIGHT LB/FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED		
20"	133#	530'	26"	1040 sx	0'		
13 3/8"	68#	2380'	17 1/2"	1910 sx	0'		
9 5/8"	53.5#	9980'	12 1/4"	2000 sx	0'		
LINER RECORD				TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	
7 5/8"	9315'	14686'	410 sx		4 1/2"	14729'	
					5 1/2"	8958'	
26. Perforation record (interval, size, and number)				27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.			
14686' - 15764' Open Hole				DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED _____ _____ _____			
PRODUCTION							
Date First Production		Production Method (Flowing, gas lift, pumping - Size and type pump)			Well Status (Prod. or Shut-in)		
Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl.	
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - (Corr.)	
29. Disposition of Gas (Sold, used for fuel, vented, etc.)					30. Test Witnessed By		
31. List Attachments							
32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit.							
33. If an on-site burial was used at the well, report the exact location of the on-site burial:							
Latitude			Longitude		NAD 1927-1983		
I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief							
Signature		Printed Name		Title		Date	
		Melanie J. Wilson		Regulatory Analyst		05/15/2017	
E-mail Address: mjp1692@gmail.com							

INSTRUCTIONS

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

OIL OR GAS SANDS OR ZONES

IMPORTANT WATER SANDS

No. 1, from to feet.....
 No. 2, from to feet.....
 No. 3, from to feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology

From	To	Thickness In Feet	Lithology

Kay C. Havenor

**Ph.D., Registered Geologist Arizona #30438
Certified Professional Geologist**

**Environmental - Hydrogeology
Remote Sensing - Resources**

Office: 505-624-4518

e-mail kay.havenor@gmail.com
904 Moore Avenue
Roswell, New Mexico 88201

May 25, 2017

Mr. Michael A. McMillan
Engineering Bureau NM OCD
1220 South St. Francis Drive
Santa Fe, NM 87505

Mr. McMillan:

In reviewing the data on Mesquite SWD, Inc Cedar Canyon SWD #1, SWD-1649 30-015-44054 at TD the hole penetrated 45' of upper-most Montoya. The mud-log sample descriptions, depth and drill-rate, in my opinion, confirm Montoya dense bedded dolomite that will not accept nor yield fluid.

Respectfully submitted,

Kay Havenor