

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



Administrative Order IPI-384
November 23, 2010

Mr. Bill Hicks
Cheyenne Water Disposal Systems, LLC
PO Box 132
Hobbs, NM 88241

RE: Injection Pressure Increase Request

Goodwin State Well No. 1 (API 30-025-34593)
Division Administrative Order SWD-827-B
SWD;GB-SA-DEL-BS Pool (97785)
Lower Grayburg, San Andres, Lower Delaware, and Bone Spring formations
Lea County, New Mexico

Reference is made to your request on behalf of Cheyenne Water Disposal Systems, LLC (OGRID 269152) received by the Division October 20, 2010, to increase the surface injection pressure limit on the Goodwin State Well No. 1.

Administrative Order No. SWD-827-B approved in part on March 8, 2010, permitted Goodwin State Well No. 1 for injection into the interval from 4,350 to 6,040 feet and allowed a maximum surface injection pressure of 870 psi. It is our understanding that this well will not take a sufficient volume of water at this pressure limit and a higher pressure limit is needed to optimize waterflood operations within this unit.

The basis for granting this pressure increase is Cardinal Surveys step rate test run by Cheyenne Water Disposal Systems on October 26, 2010. The results of the step rate test show that an increase in the surface injection pressure for this well is justified and will not result in the fracturing of the injection formation and confining strata.

You are hereby authorized to utilize up to the following maximum surface injection pressure on the well provided the tubing, size, type and setting depths do not change.



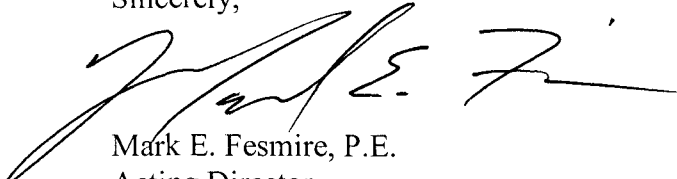
API	CJU Well #	Unit	S-T-R	Injection Interval	Tubing	Pressure
30-025-34593	1	D	6-19S-37E	4350-6040	2.375	1315

This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 5.9.

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected fluid is not being confined to the injection zone or is endangering any fresh water aquifers, or is causing waste of oil and gas.

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.

Sincerely,



Mark E. Fesmire, P.E.
Acting Director

MEF/tw

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