



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

AMENDED ADMINISTRATIVE ORDER SWD-684

APPLICATION OF MARBOB ENERGY CORPORATION FOR AN AMENDMENT TO DIVISION ORDER SWD-684 FOR SALT WATER DISPOSAL, EDDY COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Marbob Energy Corporation made application to the New Mexico Oil Conservation Division on July 16, 2001, for permission to expand the injection interval in its Sand Tank "32" State Com Well No. 2 located 1650 feet from the South line and 1650 feet from the East line (Unit J) of Section 32, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations; and
- (2) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met.

IT IS THEREFORE ORDERED THAT:

The applicant herein, Marbob Energy Corporation is hereby authorized to complete its Sand Tank "32" State Com Well No. 2 located 1650 feet from the South line and 1650 feet from the East line (Unit J) of Section 32, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, in such manner as to permit the injection of salt water for disposal purposes into the Wolfcamp formation at approximately 8,510 feet to 9,100 feet through 2 7/8-inch or 3 1/2-inch plastic-lined tubing set in a packer located at approximately 8,410 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1702 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Wolfcamp formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Artesia district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Artesia district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

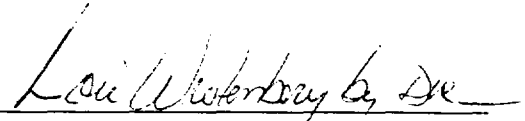
The operator shall submit monthly reports of the disposal operations in accordance with Division Rules and Regulations on Form C-115, Operator's Monthly Report.

PROVIDED FURTHER THAT, 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 water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The injection authority granted herein shall terminate on December 1, 2001, 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.

Approved at Santa Fe, New Mexico, on this 24th day of August, 2001.

A handwritten signature in cursive script, reading "Lori Wrotenbery", is written over a horizontal line.

LORI WROTENBERY, Director

LW/DRC

xc: Oil Conservation Division - Artesia
State Land Office - Oil & Gas Division