

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF DELAWARE ENERGY, LLC
FOR APPROVAL OF A SALTWATER DISPOSAL
WELL, LEA COUNTY, NEW MEXICO.**

**CASE NO. 16261
ORDER NO. R-21365**

ORDER

This case was heard by the Oil Conservation Division (“OCD”) at 8:15 a.m. on November 13, 2018, in Santa Fe, New Mexico.

The Director, having considered the record and the recommendations of Hearing Examiner Phillip R. Goetze and OCD Counsel David K. Brooks, issues this Order.

FINDINGS OF FACT

- (1) Due notice has been given, and the OCD has jurisdiction of the subject matter of this case.
- (2) Case Nos. 16258, 16259, 16260, and 16261 were consolidated for hearing, but a separate order will be issued for each case.
- (3) On May 15, 2018, Delaware Energy, LLC (“Applicant”) submitted a Form C-108 application (Administrative tracking no. pMAM1813650931) for an administrative order authorizing the injection of produced water into the Kodiak SWD Well No. 1 (API No. 30-015-Pending; “Proposed Well”).
- (4) Applicant proposed to inject produced water through the Proposed Well into the Devonian and Silurian formations through an open-hole interval from approximately 13,095 feet to approximately 14,095 feet below surface with a maximum injection surface pressure of 2,792 pounds per square inch.
- (5) Applicant proposed to locate the Proposed Well 200 feet from the south line and 250 feet from the east line, in Unit P, Section 5, Township 24 South, Range 27 East, NMPM, Eddy County, New Mexico (“First Proposed Location”).
- (6) On May 16, 2018, Jim and Barbara Davis filed a protest of the administrative application.

- (7) On May 29, 2018, Applicant filed an application for hearing (“Application”) seeking approval for authorization to inject produced water into the Proposed Well.
- (8) Several persons filed entries of appearance:
 - (a) Foundation Minerals, LLC, Marvos Minerals LLC, and Oak Valley Mineral and Land L.P., on June 21, 2018;
 - (b) 3Bear Delaware Operating-NM, LLC, on July 5, 2018;
 - (c) Jim and Barbara Davis, on September 5, 2018; and
 - (d) Ogden Farms & Cattle Co., Inc., on September 26, 2018.
- (9) On September 6, 2018, the New Mexico State Land Office (“NMSLO”) filed a notice of intervention in the case.
- (10) On or about October 18, 2018, Applicant informed OCD that it intended to move the Proposed Well approximately 2,695 feet (0.51 mile) west of the First Proposed Location, to 210 feet from the south line and 2,335 feet from the west line, in Unit N, Section 5, Township 24 South, Range 27 East, NMPM, Eddy County, New Mexico (“Second Proposed Location”) and stated that the new location did not change the affected persons entitled to notice or alter the list of wells in the original Area of Review (“AOR”).
- (11) On November 13, 2018, Applicant appeared at the hearing and testified that:
 - (a) NMSLO, the surface estate owner, would not approve the Second Proposed Location of the Proposed Well;
 - (b) Applicant was considering a new location in the middle of Section 33, Township 23 South, Range 27 East, NMPM (“Third Proposed Location”);
 - (c) Applicant could not provide specific footages or similar survey coordinates for the Third Proposed Location;
 - (d) The Third Proposed Location appears to be more than 1.4 miles northeast of the First Proposed Location and more than 1.5 miles northeast of the Second Proposed Location; and
 - (e) Applicant requested a continuation of the case until it obtained NMSLO approval for the Third Proposed Location.

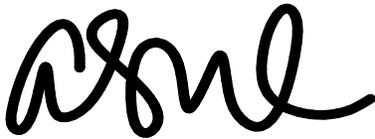
CONCLUSIONS OF LAW

- (12) The Application was properly filed in accordance with 19.15.26.8 NMAC.
- (13) The AOR for the Third Proposed Location shares minimal commonality with the AOR for the First Proposed Location as described in Applicant's Form C-108.
- (14) For the Third Proposed Location, Applicant has neither identified other wells in the AOR nor given notice to affected persons in the AOR.
- (15) Applicant's Third Proposed Location constitutes a material change to the Application such that the Application is no longer administratively or technically complete.

ORDER

- (1) The Application is **DENIED** and the case is dismissed without prejudice.
- (2) OCD retains jurisdiction of the case to enter such further orders as OCD may deem necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 6/18/2020