

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

2011 1 10

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION COMPLIANCE
AND ENFORCEMENT BUREAU FOR A COMPLIANCE ORDER AGAINST
OWL SWD OPERATING, LLC FOR THE MARALO SHOLES B WELL NO 2
OPERATED IN LEA COUNTY, NEW MEXICO**

CASE NO 15753

APPLICATION

The New Mexico Oil Conservation Division, Compliance and Enforcement Bureau ("OCD") through its undersigned attorney, hereby files this application pursuant to the provisions of NMSA 1978, §70-2-12(B)(15) and §70-2-12(B)(21) for a compliance order (1) determining operator OWL SWD Operating, LLC ("Operator") is out of compliance with 19 15 16 9 NMAC and 19 16 15 10, (2) requiring Operator to return its well to compliance with 19 15 16 9, (3) in the event of non-compliance, requiring the Operator to suspend injection operations and to plug and abandon pursuant to 19 15 16 11 NMAC. This application deals specifically with Operator's violation of OCD rules regarding the proper construction of an injection well and does not include all violations that may exist. In support of this application, the OCD states

1 Operator, under OGRID No. 308339 is the operator of the Maralo Sholes B Well No. 2 (API No. 30 025 09806) located 600 feet from the South line and 660 feet from the East line in Section 25, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico.

2 The Maralo Sholes B Well No. 2 ("subject well") is an Underground Injection Control Class II well operating under administrative order SWD-1127, issued

June 1, 2008, with authorization to dispose of produced water and other RECREA
exempted fluids into the Yates and Seven Rivers formations. The subject well injects
into the SWD, Yates/Seven Rivers Pool and is located approximately one mile southwest
of Jal, New Mexico

3 The construction of the subject well was found to be inadequate because
the intermediate casing allows for the potential communication of water to other strata

4 Under NMSA 1978, § 70-2 12(B)(2), the Division is authorized to make
rules, regulations and orders to prevent crude petroleum, natural gas or water from
escaping from strata in which it is found into other strata

5 19 15 16 9(A) NMAC requires that an operator shall seal and separate the
oil, gas and water strata above the producing or injection horizon to prevent their contents
from passing into other strata

6 19 16 16 9(B) NMAC requires that an operator shall ensure that fresh
waters and waters of present or probable value for domestic, commercial or stock
purposes are adequately protected by division-approved methods

7 19 15 16 9(C) NMAC requires an operator to ensure that water is shut off
and excluded from the various oil and gas bearing strata that are penetrated

8 The subject well is in violation of the cited rules because the intermediate
casing is not cemented in place, and injected water is entering oil and gas bearing strata,
and because injection into the subject well of the volumes of produced water operator is
injecting endangers fresh water and the environment

WHEREFORE, the OCD hereby applies to the Director to enter an Order

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- A Determining that Operator is in violation of 19 15 16 9(A), (B and (C) NMAC
 - B Requiring the Operator to provide the OCD with a plan to conduct remedial cementing of the well by a date certain, and upon approval of such plan, to comply therewith by a date certain,
 - C In the event of non-compliance with the sought Division order by the applicable dates established by the OCD, finding the Operator in violation of a Division order and requiring it to plug and abandon the subject well under 19 15 16 11 NMAC,
 - D For such other and further relief as the Director deems just and proper under the circumstances

RESPECTFULLY SUBMITTED,
this 6th day of June, 2017 by



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Case No 15753 ***Application of the New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a compliance order against Owl SWD Operating, LLC for the Maralo Sholes B Well No 2 operated in Lea County, New Mexico*** The New Mexico Oil Conservation Division Compliance and Enforcement Bureau, (Bureau) through its undersigned attorney, seeks a compliance order (1) determining that operator, OWL SWD Operating, LLC ('Operator ') is out of compliance with 19 15 16 9 NMAC with respect to its *Maralo Sholes B Well No 2 (API No 30-025-09806) in Lea County New Mexico*, (2) requiring Operator to return said well to compliance with 19 15 16 9 NMAC, and (3) in the event of non-compliance, finding the Operator in violation of a Division order after the deadline established in the sought order to suspend injection authority The subject well injects into the SWD, Yates/Seven Rivers Pool and is located approximately one mile southwest of Jal, New Mexico