



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER SWD-834

APPLICATION OF DKD, LLC FOR SALT WATER DISPOSAL, LEA COUNTY, NEW MEXICO.

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Rule 701(B), DKD, LLC made application to the New Mexico Oil Conservation Division on March 27, 2002, for permission to re-enter for produced water disposal its Watson 6 Well No. 1 (API No. 30-025-34197) located 2857 feet from the South line and 1417 feet from the West line (Unit N) of Section 6, Township 16 South, Range 36 East, NMPM, Lea 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;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

DKD LLC is hereby authorized to re-enter its Watson 6 Well No. 1 (API No. 30-025-34197) located 2857 feet from the South line and 1417 feet from the West line (Unit N) of Section 6, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Cisco and Canyon (Pennsylvanian) formations from a depth of 10340 feet to 11062 feet through 2 7/8 inch plastic-lined tubing set in a packer located approximately at 10280 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.

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 2068 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 injection 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 Hobbs District Office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs 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.

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 operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

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.

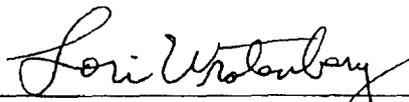
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DKD, LLC

April 26, 2002

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Approved at Santa Fe, New Mexico, on this 26th day of April 2002.



LORI WROTENBERY, Director

LW/WVJ

cc: Oil Conservation Division – Hobbs

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., 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

Form C-103
 Revised March 25, 1999

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

WELL API NO.
 30-025-34197

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
 21706

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.)

1. Type of Well:
 Oil Well Gas Well Other SWD

2. Name of Operator
 DKD, L.L.C.

3. Address of Operator
 P.O. Box 682 Tatum, NM 88267

4. Well Location
 Unit Letter N : 2857 feet from the South line and 1417 feet from the West line
 Section 6 Township 16 S Range 36 E NMPM County Lea

7. Lease Name or Unit Agreement Name:
 Watson 6

8. Well No.
 #1

9. Pool name or Wildcat
 Cisco

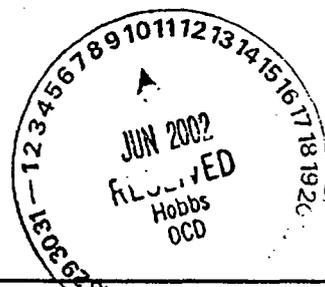
10. Elevation (Show whether DR, RKB, RT, GR, etc.)

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Injet Formation Water <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

6/5/02 Run 2 7/8 tubing with seat nipple and 5 1/2 model R Packer to 10,280' estimated depth. Flush with Packer fluid SCT Packer. Load casing with Packer fluid. Let casing set over night and pressure casing up with recorder following day. Will call Bill when ready.



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

SIGNATURE _____ TITLE President DATE 6/2/02

Type or print name Danny R. Watson Telephone No. 505-398-3490

APPROVED BY _____ ORIGINAL SIGNED BY
 Conditions of approval, if any: _____ GARY W. WINK
 OC FIELD REPRESENTATIVE II/STAFF MANAGER JUN 13 2002