

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

IN THE MATTER OF THE PROCEEDING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 14136
ORDER NO. E-37

APPLICATION OF THE SUPERVISOR OF DISTRICT II FOR AN
EMERGENCY ORDER SHUTTING IN THE EXXON STATE NO. 008 WELL
OPERATED BY MESQUITE SWD, INC.

EMERGENCY
ORDER OF THE DIVISION

BY THE DIVISION:

This matter came on for decision before the Director of the Oil Conservation Division on May 9, 2008, upon the verbal request of the Supervisor of District II.

Now, on this 9 day of May, 2008, the Division Director, having considered the request, and the records and other information provided by the Supervisor of District II,

FINDS THAT:

- (1) The Division has jurisdiction over this case and its subject matter.
- (2) Mesquite SWD, Inc. ("Mesquite"), OGRID 161968, is the operator of record of the Exxon State No. 008, API No. 30-015-22055, located in Unit letter O, Section 15, Township 21 South, Range 27 East in Eddy County, New Mexico.
- (3) On December 31, 1976, the Oil Conservation Commission issued Order No. SWD-180, which authorized the Exxon State No. 008 well to inject into the "Yates formation at approximately 570 feet to approximately 600 feet."

(4) Order No. SWD-180 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."

(5) The results of an injection survey that Mesquite recently performed on the Exxon State No. 008 shows fluids being injected into the Yates formation through an open hole from 587 feet to a total depth of 694 feet. The injection survey shows the injection going vertically down and out the bottom of the open hole. The injection survey shows a high volume of fluids being injected into the Exxon State No. 008 at extremely low pressures. The injection survey shows that Mesquite has increased its injection into the Exxon State No. 008 from 1500 barrels per day in 2006 to the current 6700 barrels per day. The fluids are being injected near or into the top of the Capitan Reef, which is an extremely porous aquifer.

(6) The Exxon State No. 008 has failed to confine injected fluids to the authorized injection zone or zones, in violation of Order No. SWD-180 and 19.15.9.703.A & B NMAC.

(7) The Division is authorized to shut in injection wells or projects that have exhibited failure to confine injected fluids to the authorized injection zones or zones until the failure has been identified and corrected. 19.15.4.703.E NMAC.

(8) The Division has determined that Mesquite's continued injection into the Exxon State No. 008, resulting in injected fluids leaking out of authorized injection zone or zones, constitutes an emergency under NMSA 1978, Section 70-2-23, requiring the issuance of an emergency order without public notice or hearing. Such order shall have the same validity as if a hearing with respect to the same had been held after due notice.

IT IS THEREFORE ORDERED THAT:

(1) Mesquite is ordered to shut in the Exxon State No. 008 until the failure has been identified and corrected.

(2) This Order is effective immediately.

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.
Director



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

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APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST MESQUITE SWD, INC., SUSPENDING MESQUITE'S AUTHORITY TO INJECT INTO THE EXXON STATE NO. 008 UNDER ORDER NO. SWD-180 UNTIL MESQUITE SHOWS THAT THE INJECTED FLUIDS ARE NOT ESCAPING TO UNAUTHORIZED INJECTION ZONES; REQUIRING COMPLIANCE WITH ORDER NO. SWD-180 AND RULE 19.15.9.703 NMAC; AND REQUEST FOR EXPEDITED HEARING; EDDY COUNTY, NEW MEXICO.

CASE NO. 14136

MOTION TO DISMISS APPLICATION FOR COMPLIANCE ORDER
AGAINST MESQUITE SWD, INC.

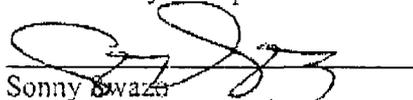
COMES NOW, Applicant Oil Conservation Division and hereby moves to dismiss the case.

AS GROUNDS, Applicant Oil Conservation Division states the issues will be addressed in Respondent Mesquite SWD, Inc.'s, pending application for authority to inject into the Exxon State No. 008 well.

WHEREFORE, Applicant Oil Conservation Division respectfully requests that the above entitled case be dismissed without prejudice.

Respectfully submitted,

this 17th day of September 2008 by



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Attorney for New Mexico Oil Conservation
Division

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of September 2008, a copy of the foregoing motion was sent to Respondent's Attorney Thomas Hnasko via fax, mail and email.

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Attorney for Respondent Mesquite SWD, Inc.


Sonny Swazo