

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

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

**CASE NO. 14178 (Reopened)
ORDER NO. R-13043-B**

**APPLICATION OF MESQUITE SWD, INC. FOR AUTHORIZATION TO
INJECT AND TO OBTAIN AN AMENDMENT TO PERMIT NO. SWD-180,
EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for rehearing pursuant to applicant's motion at 8:15 a.m. on December 18, 2008, at Santa Fe, New Mexico, before Examiners David K. Brooks and Terry Warnell.

NOW, on this 5th day of January, 2009, the Division Director, having considered the testimony, the record and the recommendations of the Examiners,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) By Order No. R-13043, issued in Case No. 14178 on November 7, 2008, the Division authorized Mesquite SWD, Inc. ("Mesquite") to utilize its Exxon State Well No. 8 in Unit O of Section 15, Township 21 South, Range 27 East, Eddy County, New Mexico, to dispose of produced water into the Yates formation at a depth interval from 570 to 694 feet below the surface.

(3) Order No. R-13043 also directed Mesquite to plug and abandon the following four wells before commencing injection operations.

Magnolia State Well No. 3	30-015-01087
Pure State Well No. 6	30-015-01099
Exxon State Well No. 2	30-015-01092
Exxon State Well No. 7	30-015-01100

(4) The original applicant, Mesquite, appeared at the rehearing through counsel and presented additional testimony and evidence to the effect that Exxon State Well No. 2 and Exxon State Well No. 7 are currently producing oil and that Magnolia State Well No. 3 and Pure State Well No. 6 were properly plugged, and no additional work on these wells is necessary.

(5) Subsequent to the hearing Mesquite filed a Motion to Supplement Records, attaching additional documentary evidence regarding the Pure State Well No. 6.

(6) As a result paragraph 4 of the original order should be removed from Order No. R-13043.

IT IS THEREFORE ORDERED THAT:

(A) The Ordering provisions of Order No. R-13043 are hereby amended to read in their entirety as follows:

(1) The application of Mesquite SWD, Inc. seeking amendment of Order No. SWD-180 authorizing it to utilize its Exxon State Well No. 8 (**API No. 30-015-22055**) located in Unit O of Section 15, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, to dispose of produced water into the Yates formations through open-hole interval from a depth of 570 feet to 694 feet is hereby approved.

(2) The Division Order No. SWD-180 is hereby amended and placed in abeyance, and shall be superseded by this order.

(3) The injection of produced water into the Exxon State Well No. 8 shall be under vacuum, and shall be accomplished through a 2-7/8 inch plastic coated tubing set in a packer at 550 feet.

(4) 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.

(5) In accordance with Rule No. 705.B, the operator shall provide written notice of the date of commencement of injection operations to the Artesia district office of the Division.

(6) In accordance with Rule No 705.C, 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 well, and will terminate *ipso facto*, one year after injection operations have ceased. The Division Director may grant an extension of time for commencement of injection operations if the request is made within the expiration of the time period.

(7) In accordance with Rule Nos. 706 and 1120, the operator shall submit monthly reports of the disposal operations on Division Form C-115.

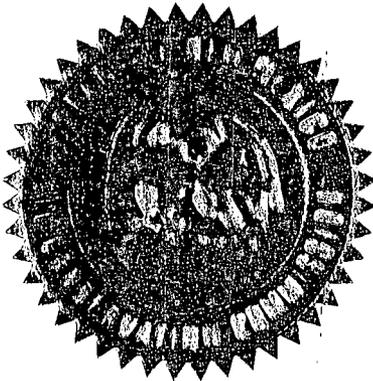
(8) This order does not relieve the operator of responsibility should its operations cause any actual damage or threat of damage to protectable fresh water, human health, or the environment; nor does it relieve the operator of responsibility for complying with applicable Division rules or other state, federal, or local laws or regulations.

(9) 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, or without notice and hearing in the event of an emergency, subject to NMSA 1978, Section 70-2-25, terminate the injection authority granted herein.

(B) The Motion of Mesquite SWD, Inc. to supplement Record filed on December 22, 2008, is granted, and Exhibit A to that motion is incorporated into the record.

(C) Jurisdiction of this case is retained for entry of such further orders as may be necessary.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Division Director