



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division



ADMINISTRATIVE ORDER SWD-897

APPLICATION OF MARBOB ENERGY CORPORATION FOR SALT WATER DISPOSAL, EDDY COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Marbob Energy Corporation made application to the New Mexico Oil Conservation Division on September 18, 2003 for permission to re-enter and complete for salt water disposal the Salt Draw "SFWG" State Well No. 1 API 30-015-25641 (renamed to the South Malaga H-4-25-28 SWD) located 2310 feet from the North line and 330 feet from the East line (Unit H) of Section 4, Township 25 South, Range 28 East, NMPM, Eddy 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:

Marbob Energy Corporation is hereby authorized to re-enter and complete the Salt Draw "SFWG" State Well No. 1 API 30-015-25641 (renamed to the South Malaga H-4-25-28 SWD) located 2310 feet from the North line and 330 feet from the East line (Unit H) of Section 4, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Delaware formation through a perforated interval from 3630 feet to 4,530 feet through 2 7/8-inch plastic-lined tubing set in a packer located at approximately 3580 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.

If this well is artificially hydraulically fractured using proppant, the proppant shall be tagged with radioactive isotope(s) and post fracture temperature and tracer survey gamma log(s) run and supplied to the Artesia office of the Division. In addition, the 9-5/8 by 5-1/2 bradenhead on the Eagle "4" State Well No. 1 operated by Southwestern Energy Production Company shall be tested for flow and pressure at least once per year and results reported to the Artesia office of the Division.

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 726 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 formations. 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 Artesia district office of the Division of the date and time disposal equipment will be installed and the mechanical integrity pressure test conducted so that these operations may be inspected and witnessed.

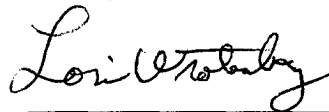
The operator shall immediately notify the supervisor of the Artesia district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

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-120-A, 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.

Approved at Santa Fe, New Mexico, on this 19th day of October 2003.



LORI WROTENBERY,
Director

LW/wvjj

cc: Oil Conservation Division – Artesia
State Land Office – Minerals Management Division