

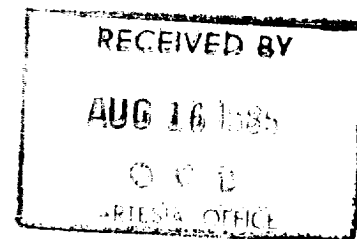
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ARTESIA, NEW MEXICO - 88210

August 16, 1985



New Mexico Oil Conservation Division  
 P. O. Box 2088  
 Santa Fe, New Mexico 87501

Attention: Mr. R. L. Stamets, Director

Re: State Line, Ltd. No. 1 Ross Draw  
 Federal SWD, NE/4 NW/4 Section 33,  
 T26S R30E, Eddy County, New Mexico,  
 Brushy Draw Delaware Field (See  
 attached plat)

Gentlemen;

State Line, Ltd. has been disposing of produced salt water into the Delaware formation in the captioned well since December 1983 under the authority of NMOCD Order No. 7355. The Brushy Draw area has been rapidly developed during the past year. All of the wells produce water. The following are some production figures which reflect the increase in both oil and water,

<u>Month</u>	<u>Oil (bbls)</u>	<u>Water (bbls)</u>
January, 1984	8,289	32,759
January, 1985	33,484	53,164
March, 1985	68,247	85,127

State Line, Ltd. also disposes of water from fields other than the Brushy Draw field. In March 1985 State Line, Ltd. injected 107,957 bbls and in July 1985 it injected 176,623 bbls.

State Line, Ltd. is having a difficult time expanding fast enough to handle the water. It plans laying of another 8" PVC line from the southwest corner of Section 25, T26S R29E to the disposal well in the immediate future to relieve the pressure on the existing line which is operating at its capacity.

In anticipation of the need for an additional disposal well State Line, Ltd. obtained NMOCD Order No. R-7781 dated January 18, 1985. This order authorizes it to inject water into the Delaware in the No. 1 Federal "AZ" well located 2080 feet FS & 660 feet FEL of Section 29, T26S R30E. There are immediate plans to convert this well to a disposal well and re-plug two old wells in the area as dictated in R-7781.

As the volume of water increased, it was noted that the injection pressure was also increasing. In order to try to get the allowable injection pressure