NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Director
Oil Conservation Division

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OIL CONSERVATION DIVISION

ADMINISTRATIVE ORDER SWD-816

APPLICATION OF AMOCO PRODUCTION COMPANY FOR SALT WATER DISPOSAL, RIO ARRIBA COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Amoco Production Company made application to the New Mexico Oil Conservation Division on October 23, 2001, for permission to complete for salt water disposal its Jicarilla Contract "146" No. 28 (**API No. 30-039-22145**) located 1170 feet from the South line and 1170 feet from the West line (Unit M) of Section 9, Township 25 North, Range 5 West, NMPM, Rio Arriba 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:

Amoco Production Company is hereby authorized to complete its Jicarilla Contract "146" No. 28 (**API No. 30-039-22145**) located 1170 feet from the South line and 1170 feet from the West line (Unit M) of Section 9, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Cliffhouse member of the Mesaverde formation from approximately 4,577 feet to 4,776 feet through 2 3/8 inch plastic-lined tubing set in a packer located at approximately 4,500 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.

Prior to commencing injection operations, the perforated interval in the well from 2,919 feet to 2,972 feet (Pictured Cliffs) shall be cement squeezed in order to effectively isolate this zone. In addition, a CICR shall be set at a depth of 4,800 feet and the applicant shall squeeze below the retainer with 25 sacks of cement, all in accordance with the procedure set forth within the application.

Prior to commencing injection operations, the casing shall be pressure tested from the surface down to the proposed packer setting depth, to assure the integrity of the 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 915 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 Cliffhouse member of the Mesaverde 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 Aztec district office of the Division of the date and time of: (i) the conductance of remedial cement operations on the well; (ii) the installation of disposal equipment; and (iii) the mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Aztec 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 13th day of November, 2001.

Lori Wrotenbery by DRC

LORI WROTENBERY, Director

LW/DRC

cc: Oil Conservation Division – Aztec
EPA-Region VI