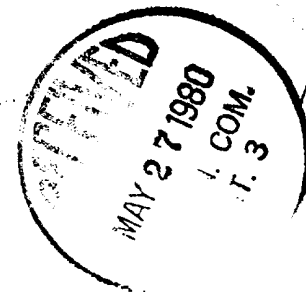


SUBJECT: SALT WATER DISPOSAL WELL



THE APPLICATION OF ENERGY RESERVES
GROUP FOR A SALT WATER DISPOSAL WELL.

ORDER NO. SWD-484

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

306 → Under the provisions of Rule 701 (C), Energy Reserves Group made application to the New Mexico Oil Conservation on May 6, 1980, for permission to complete for salt water disposal its Gallegos Canyon Unit Well No. 306 located in Unit I of Section 19, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico, and Gallegos Canyon Unit Well No. 307 in Unit L of Section 30, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico.

The Division Director finds:

(1) That application has been duly filed under the provisions of Rule 701 (C) of the Division Rules and Regulations;

(2) That satisfactory information has been provided that all offset operators and surface owners have been duly notified; and

(3) That the applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 (C) will be met.

(4) That no objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED:

That the applicant herein, Energy Reserves Group, is hereby authorized to complete its Gallegos Canyon Unit Well No. 306 located in Unit I of Section 19, Township 29 North, Range 12 West, NMPM and Gallegos Canyon Unit Well No. 307 in Unit L of Section 30, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the Mesaverde formation at approximately 2950 feet to approximately 3600 feet; provided that 2 3/8 inch plastic lined tubings set in a packer located at approximately 50 feet above the top of injection perforations.

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 on to the surface.

That 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.

That injection pressure shall not exceed 600 pounds per square inch as measured at the surface unless data are provided that proves the pressure gradient may exceed this limit.

That the operator shall notify the supervisor of the Division Aztec District Office before injection is commenced through said well;

That the operator shall immediately notify the Supervisor of the Division Aztec District Office of the failure of the tubing casing, or packer in said well or the leakage of water from or

around said well and shall take such steps as may be timely or necessary to correct such failure or leakage.

PROVIDED FURTHER: That jurisdiction of this cause is hereby retained by the Division for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after notice and hearing, the Division may terminate the authority hereby granted in the interest of conservation. That applicant shall submit monthly reports of the disposal operations in accordance with Rule 704 and 1120 of the Division Rules and Regulations.

APPROVED at Santa Fe, New Mexico, on this 21st day of May, 1980.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
Division Director

SEAL