



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER SWD-890

APPLICATION OF SOUTHWESTERN ENERGY PRODUCTION COMPANY FOR SALT WATER DISPOSAL, LEA COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Southwestern Energy Production Company made application to the New Mexico Oil Conservation Division on August 27, 2003, for an amendment to Division Order No. R-3564 dated November 19, 1968, which order authorized Agua, Inc. to utilize the Corbin-Abo SWD Well No. 31 (API No. 30-025-01337) located 1980 feet from the North and East lines (Unit G) of Section 31, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico, as a disposal well, injection to occur into the Queen and San Andres formations from approximately 4,530 feet to 6,375 feet. Southwestern Energy Production Company, the successor operator of the well, now seeks approval to expand the injection interval to include the Yates, Queen and San Andres formations from a depth of 3,400 feet to 6,375 feet.

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) The subject well was originally permitted for injection in 1968 by Division Order No. R-3564. Since that time, the Division has amended its rules relating to the permitting and operation of disposal and injection wells.
- (3) The well should be re-permitted at this time and should be subject to the Division's current rules relating to injection.
- (4) Division Order No. R-3564 should be superseded by this order.
- (5) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;

(6) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and

(7) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

Southwestern Energy Production Corporation is hereby authorized to complete its Corbin-Abo SWD Well No. 31 (API No. 30-025-01337) located 1980 feet from the North and East lines (Unit G) of Section 31, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Yates, Queen and San Andres formations from a depth of 3,400 feet to 6,375 feet through 2 7/8 inch plastic-lined tubing set in a packer located at approximately 3,400 feet.

IT IS FURTHER ORDERED THAT:

Within three months after commencement of injection operations, the applicant shall conduct an injection profile log on the subject well. The applicant shall furnish this log to the Santa Fe Office of the Division after completion.

Prior to commencing injection operations, the applicant shall pressure test the casing in the subject well from the surface down to the proposed packer setting depth to assure the integrity of the casing.

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.

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 680 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 Hobbs 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.

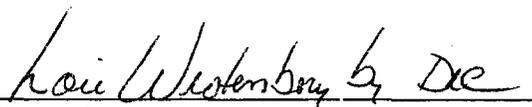
The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

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 23rd day of September 2003.


LORI WROTENBERY,
Director

LW/DRC

cc: Oil Conservation Division – Hobbs