



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER SWD-915

APPLICATION OF ENERGEN RESOURCES CORPORATION FOR SALT WATER DISPOSAL, LEA COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Energen Resources Corporation made application to the New Mexico Oil Conservation Division on February 20, 2004, for permission to re-complete for produced water disposal its Baer Well No. 1 (API 30-025-29565) located 1,900 feet from the North line and 1,650 feet from the West line, Unit F of Section 32, Township 15 South, Range 35 East, NMPM, Lea 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:

Energen Resources Corporation is hereby authorized to re-complete for produced water disposal its Baer Well No. 1 (API 30-025-29565) located 1,900 feet from the North line and 1,650 feet from the West line, Unit F of Section 32, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the San Andres formation through perforations from approximately 5,502

feet to 6,192 feet and 2-7/8 inch plastic-lined tubing set in a packer located at approximately 5,450 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.

In preparation and prior to injection, the well bore shall be plugged back to the San Andres formation in a manner acceptable to the Hobbs district office of the Division. As part of the plug-back, the cement top shall be raised through squeeze cementing operations to cover all intended injection intervals and this cement placement verified with a cement bond log supplied to the Hobbs and Santa Fe offices of the Division. This is intended to mean the injection depths below the cement diverter tool.

The casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said 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 1,100 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 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 Hobbs District Office of the Division of the date and time of mechanical integrity pressure test so that these operations may be 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

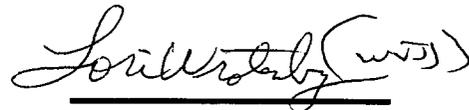
such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall provide written notice of the date of commencement of injection to the Hobbs district office of the Division. The operator shall submit monthly reports of the disposal operations on Division Form C-115, 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.

By approval of this order, the existing permit to inject, SWD-873, is hereby rescinded.

Approved at Santa Fe, New Mexico, on this 9th day of March 2004.



LORI WROTENBERY
Director

LW/wvjj

cc: Oil Conservation Division – Hobbs