

Date: January 6, 2003

RE: SWD-858

Memo to File:

Called Mickey Horne with Pride Energy to discuss requirements to prepare well for injection. He said the Pride had pressured up on the Penn perms already and injection rate did NOT increase. In other words, they already had an indication of the injectivity of the Pennsylvanian. That was the reason for the Step Rate Test on the Penn in the existing order.

Mickey requested that the SRT be struck from the requirements. After hearing his argument, I agreed and have ~~corrected~~ ^{amended} the order.

Will Jones

A handwritten signature in black ink, appearing to read "Will Jones", written over a horizontal line.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

AMENDED ADMINISTRATIVE ORDER SWD-858-A

APPLICATION OF PRIDE ENERGY COMPANY FOR SALT WATER DISPOSAL, LEA COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Pride Energy Company made application to the New Mexico Oil Conservation Division on October 21, 2002, for permission to re-enter and re-complete for produced water disposal its inactive Pennsylvanian SWD Well; the South Four Lakes Well No. 6 (API 30-025-01834) located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 2, Township 12 South, Range 34 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:

Pride Energy Company is hereby authorized to re-enter and re-complete for produced water disposal its South Four Lakes Well No. 6 (API 30-025-01834) located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 2, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Wolfcamp and Pennsylvanian formations from a depth of 9170 feet to 10280 feet through 2 7/8 inch plastic-lined tubing set in a packer located approximately at 9100 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.

As preparation and prior to any injection, the following shall be done and witnessed by the Hobbs District office of the Division at their discretion.

- 1) The existing 7" casing shall be tested with pressure to the depth of the existing perforations.
- 2) The 7" casing cement top shall be raised by squeeze cementing operations from the existing top (approximately 9460 feet) to at least 8700 feet.
- 3) The cement retainer shall be drilled out, the well cleaned out to below the Pennsylvanian perforations (approximately 10280 feet).
- 4) A Cement Bond Log shall be run from the PBTD to the new top of cement and submitted to the Hobbs District and Santa Fe Division Offices for evaluation.
- 5) ~~Prior to perforating the Wolfcamp and after any desired Pennsylvanian stimulation, a Step Rate injectivity test with measured bottom hole pressures shall be conducted on the Pennsylvanian perforations at 9901 feet to 10280 feet and the results submitted to the Hobbs District and Santa Fe Division Offices.~~

The casing-tubing annulus 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 1834 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 the installation of disposal equipment and of any mechanical integrity test so that the same 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-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.

Approved at Santa Fe, New Mexico, on this 19th day of November 2002.

Lori Wrotenbery (wvjj)
LORI WROTENBERY
Director

LW/wvjj

cc: Oil Conservation Division – Hobbs
State Land Office – Santa Fe