

19.15.9.701 INJECTION OF FLUIDS INTO RESERVOIRS:

A. Permit for injection required. The injection of gas, liquefied petroleum gas, air, water or any other medium into any reservoir for the purpose of maintaining reservoir pressure or for the purpose of secondary or other enhanced recovery or for storage or the injection of water into any formation for the purpose of water disposal shall be permitted only by order of the division after notice and hearing, unless otherwise provided herein. The division shall grant a permit for injection under 19.15.9.701 NMAC only to an operator who is in compliance with Subsection A of 19.15.1.40 NMAC. The division may revoke a permit for injection issued under 19.15.9.701 NMAC after notice and hearing if the operator is not in compliance with Subsection A of 19.15.1.40 NMAC.

B. Method of making application.

(1) The operator shall apply for authority to inject gas, liquefied petroleum gas, air, water or any other medium into any formation for any reason, including but not necessarily limited to the establishment of or the expansion of water flood projects, enhanced recovery projects, pressure maintenance projects and salt water disposal, by submitting form C-108 complete with all attachments.

(2) The applicant shall furnish, by certified or registered mail, a copy of the application to each owner of the surface of the land on which each injection or disposal well is to be located and to each leasehold operator or other "affected person" within any tract wholly or partially contained within one-half mile of the well. Affected person shall mean the (a) division designated operator; (b) in the absence of an operator, any lessee whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date he files the application; and (c) in the absence of an operator or lessee, any mineral interest owner whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date he filed the application.

C. Administrative approval.

(1) If the application is for administrative approval rather than for a hearing, it shall also be accompanied by a copy of a legal publication the applicant published in a newspaper of general circulation in the county in which the proposed injection well is located. The legal publication's contents shall include the (a) name, address, phone number and contact party for the applicant; (b) the injection well's intended purpose, with the exact location of single wells or the section, township and range location of multiple wells; (c) the formation name and depth with expected maximum injection rates and pressures; and (d) a notation that interested parties must file objections or requests for hearing with the division within 15 days.

(2) The division shall not approve an application for administrative approval until 15 days following the division's receipt of form C-108 complete with all attachments including evidence of mailing as required under Paragraph (2) of Subsection B of 19.15.9.701 NMAC and proof of publication as required by Paragraph (1) of Subsection C of 19.15.9.701 NMAC.

(3) If the division does not receive an objection within said 15-day period, and a hearing is not otherwise required, the division may approve the application administratively.

D. Hearings. If a written objection to any application for administrative approval of an injection well is filed within 15 days after receipt of a complete application, or if a hearing is required pursuant to 19.15.9.701 NMAC or deemed advisable by the division director, the division shall set the application for hearing and give notice of the hearing.

E. Salt water disposal wells.

(1) The division director shall have authority to grant an exception to the hearing requirements of Subsection A of 19.15.9.701 NMAC for water disposal wells only when the waters to be disposed of are mineralized to such a degree as to be unfit for domestic, stock, irrigation or other general use, and when said waters are to be disposed of into a formation older than Triassic (Lea county only) and provided the division receives no objections pursuant to Subsection C of 19.15.9.701 NMAC.

(2) The division shall not permit disposal into zones containing waters having total dissolved solids concentrations of 10,000 mg/1 or less except after notice and hearing, provided however, that the division may establish exempted aquifers for such zones wherein the division may administratively approve such injection.

(3) Notwithstanding the provisions of Paragraph (2) of Subsection E of 19.15.9.701 NMAC, the division director may authorize disposal into such zones if the waters to be disposed of are of higher quality than the native water in the disposal zone.

F. Pressure maintenance projects.

(1) Pressure maintenance projects are defined as those projects in which fluids are injected into the producing horizon in an effort to build up or maintain the reservoir pressure in an area that has not reached the advanced or "stripper" state of depletion.

(2) The division shall set all applications for establishment of pressure maintenance projects for hearing. The division shall fix the project area and the allowable formula for any pressure maintenance project on an individual basis after notice and hearing.

(3) The division may authorize an operator to expand a pressure maintenance projects and place additional wells on injection only after notice and hearing or by administrative approval.

(4) The division director shall have authority to grant an exception to the hearing requirements of Subsection A of 19.15.9.701 NMAC for the conversion to injection of additional wells within a project area provided that any such well is necessary to develop or maintain efficient pressure maintenance within such project and provided that the division receives no objections pursuant to Subsection C of 19.15.9.701 NMAC.

(5) An established pressure maintenance project shall have only one designated operator. Any application for exception must be set for hearing.

G. Water flood projects.

(1) Water flood projects are defined as those projects in which water is injected into a producing horizon in sufficient quantities and under sufficient pressure to stimulate the production of oil from other wells in the area, and shall be limited to those areas in which the wells have reached an advanced state of depletion and are regarded as what is commonly referred to as "stripper" wells.

(2) The division shall set all applications for establishment of water flood projects for hearing.

(3) The project area of a water flood project shall comprise the proration units a given operator owns or operates upon which injection wells are located plus all proration units the same operator owns or operates that directly or diagonally offset the injection tracts and have producing wells completed on them in the same formation; provided however, that the division may include in the project area additional proration units not directly or diagonally offsetting an injection tract if, after notice and hearing, the operator has established that such additional units have wells completed thereon that have experienced a substantial response to water injection.

(4) The allowable the division assigns to wells in a water flood project area shall be equal to the wells' ability to produce and shall not be subject to the depth bracket allowable for the pool nor to the market demand percentage factor.

(5) Nothing herein contained shall be construed as prohibiting the assignment of special allowables to wells in buffer zones after notice and hearing. The division may assign special allowables in the limited instances where it is established at a hearing that it is imperative for the protection of correlative rights to do so.

(6) The division shall authorize the expansion of water flood projects and the placement of additional wells on injection only after notice and hearing or by administrative approval.

(7) The division director shall have authority to grant an exception to the hearing requirements of Subsection A of 19.15.9.701 NMAC for conversion to injection of additional

wells provided that any such well is necessary to develop or maintain thorough and efficient water flood injection for any authorized project and provided that the division receives no objections pursuant to Subsection C of 19.15.9.701 NMAC.

(8) An established water flood project shall have only one designated operator. The division shall set for hearing any application for exception.

H. Storage wells.

(1) The division director shall have authority to grant an exception to the hearing requirements of Subsection A of 19.15.9.701 NMAC for the underground storage of liquefied petroleum gas or liquid hydrocarbons in secure caverns within massive salt beds, and provided the division receives no objections pursuant to Subsection C of 19.15.9.701 NMAC.

(2) In addition to the filing requirements of Subsection B of 19.15.9.701 NMAC, the applicant for approval of a storage well under 19.15.9.701 NMAC shall file the following:

(a) with the division director, a financial assurance in accordance with the provisions of 19.5.3.101 NMAC;

(b) with the appropriate district office of the division:

(i) form C-101, application for permit to drill, deepen or plug back;

(ii) form C-102, well location and acreage dedication plat; and

(iii) form C-105, well completion or recompletion report and log.

[1-1-50...2-1-96; 19.15.9.701 NMAC - Rn, 19 NMAC 15.I.701, 11-30-00; A, 5-31-05; A, 12/15/05]

19.15.9.703 OPERATION AND MAINTENANCE:

A. Injection wells shall be equipped, operated, monitored and maintained to facilitate periodic testing and to assure continued mechanical integrity which will result in no significant leak in the tubular goods and packing materials used and no significant fluid movement through vertical channels adjacent to the well bore.

B. Injection project, including injection wells and producing wells and all related surface facilities shall be operated and maintained at all times in such a manner as will confine the injected fluids to the interval or intervals approved and prevent surface damage or pollution resulting from leaks, breaks or spills.

C. Failure of any injection well, producing well or surface facility, which failure may endanger underground sources of drinking water, shall be reported under the "immediate notification" procedure of Rule 116.

D. Injection well or producing well failures requiring casing repair or cementing are to be reported to the division prior to commencement of workover operations.

E. Injection wells or projects which have exhibited failure to confine injected fluids to the authorized injection zone or zones may be subject to restriction of injection volume and pressure, or shut-in, until the failure has been identified and corrected.

[7-1-81...2-1-96; 19.15.9.703 NMAC - Rn, 19 NMAC 15.I.703, 11-30-00]