

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10034
ORDER NO. R-9269

*APPLICATION OF NEARBURG PRODUCING
COMPANY FOR SALT WATER DISPOSAL,
EDDY COUNTY, NEW MEXICO*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 8, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 21st day of August, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Nearburg Producing Company, seeks authority to re-enter and deepen the Mark Production Company Holstun Com Well No. 1 located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 4, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, and utilize said wellbore to dispose of produced salt water into the Devonian formation.

(3) Said well was originally spud on June 20, 1974, drilled to a total depth of 9550 feet and was subsequently plugged and abandoned with no production casing in the remaining hole.

Case No. 10034
Order No. R-9269
Page No. 2

(4) The applicant proposes to drill out all existing plugs and deepen the well to a depth of approximately 10,500 feet and cement in place a long string of 5 1/2-inch casing to a depth of approximately 10,220 feet. The applicant proposes to inject produced salt water into the Devonian formation through the open hole interval.

(5) The injection should be accomplished through 2 7/8-inch plastic lined tubing installed in a packer set at approximately 10,150 feet; the casing-tubing annulus should be filled with an inert fluid; and a pressure gauge or approved leak detection device should be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(6) Prior to commencing injection operations, the casing in the subject well should be pressure-tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(7) The injection well or system should be equipped with a pressure limiting switch or other acceptable device which will limit the wellhead pressure on the injection well to no more than 2000 psi.

(8) The Director of the Division should be authorized to administratively approve an increase in the injection pressure upon a proper showing by the operator that such higher pressure will not result in migration of the injected waters from the Devonian formation.

(9) The operator should notify the supervisor of the Artesia district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity pressure test in order that the same may be witnessed.

(10) The operator should 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.

(11) Approval of the subject application will prevent the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights.

Case No. 10034
Order No. R-9269
Page No. 3

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Nearburg Producing Company, is hereby authorized to re-enter and deepen the Mark Production Company Holstun Com Well No. 1 located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 4, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, to a depth of 10,500 feet, and set a long string of 5 1/2-inch casing to a depth of approximately 10,220 feet.

FURTHERMORE:

(2) The applicant is authorized to utilize said wellbore to dispose of produced salt water into the Devonian formation, injection to be accomplished through 2 7/8-inch tubing installed in a packer set at approximately 10,500 feet, with injection into the open-hole interval from approximately 10,220 feet to 10,500 feet.

PROVIDED HOWEVER THAT, the tubing shall be internally plastic-lined; the casing-tubing annulus shall be filled with an inert fluid; and a pressure gauge shall be attached to the annulus or the annulus shall be equipped with an approved leak detection device in order to determine leakage in the casing, tubing or packer.

PROVIDED FURTHER THAT, prior to commencing injection operations, the casing in the subject well shall be pressure-tested to assure the integrity of such casing in a manner that is satisfactory to the supervisor of the Division's district office at Artesia.

(3) The injection well or system shall be equipped with a pressure limiting switch or other acceptable device which will limit the wellhead pressure on the injection well to no more than 2000 psi.

(4) The Director of the Division may authorize an increase in the injection pressure upon a proper showing by the operator that such higher pressure will not result in migration of the injected waters from the Devonian formation.

(5) The operator shall notify the supervisor of the Artesia district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity pressure test in order that the same may be witnessed.

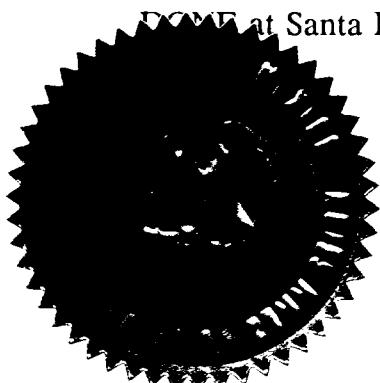
Case No. 10034
Order No. R-9269
Page No. 4

(6) The operator shall immediately notify the supervisor of the Division's Artesia 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 and necessary to correct such failure or leakage.

(7) The applicant shall conduct disposal operations and submit monthly reports in accordance with Rules 702, 703, 704, 705, 706, 708 and 1120 of the Division Rules and Regulations.

(8) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

~~DOE~~ at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "William J. Lemay". The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LEMAY
Director

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 10034
ORDER NO. R-9269-A

*APPLICATION OF NEARBURG PRODUCING
COMPANY FOR SALT WATER DISPOSAL,
EDDY COUNTY, NEW MEXICO*

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-9269 dated August 21, 1990, does not correctly state the intended order of the Division,

IT IS THEREFORE ORDERED THAT:

(1) Decretory Paragraph No. (2) on page 3 of said Order No. R-9269 be and the same is hereby amended to read in its entirety as follows:

"(2) The applicant is authorized to utilize said wellbore to dispose of produced salt water into the Devonian formation, injection to be accomplished through 2 7/8-inch tubing installed in a packer set at approximately 10,150 feet, with injection into the open-hole interval from approximately 10,220 feet to 10,500 feet.

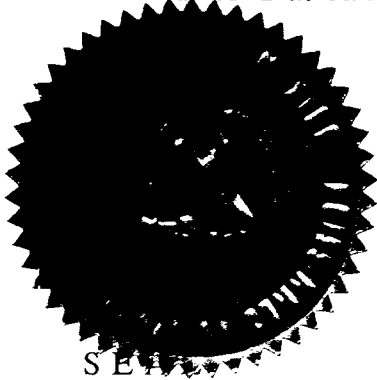
PROVIDED HOWEVER THAT, the tubing shall be internally plastic-lined; the casing-tubing annulus shall be filled with an inert fluid; and a pressure gauge shall be attached to the annulus or the annulus shall be equipped with an approved leak detection device in order to determine leakage in the casing, tubing or packer.

PROVIDED FURTHER THAT, prior to commencing injection operations, the casing in the subject well shall be pressure-tested to assure the integrity of such casing in a manner that is satisfactory to the supervisor of the Division's district office at Artesia."

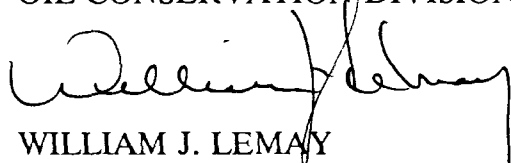
(2) The corrections set forth in this order be entered nunc pro tunc as of August 21, 1990.

Case No. 10034
Order No. R-9269-A
Page No. 2

DONE at Santa Fe, New Mexico, on this 19th day of September, 1990.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director