

Entered May 18, 1976

JDR

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5674
Order No. R-4495-C

APPLICATION OF AGUA INC. FOR AN
EXTENSION OF TIME AND AMENDMENT
OF ORDER NOS. R-4495-A AND R-4495-B.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 28, 1976, at Santa Fe, New Mexico, before Examiner, Richard L. Stamets.

NOW, on this 18th day of May, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Agua, Inc., is the operator of the SWD Well No. C-2, located in Unit C of Section 2, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That by Order No. R-4495, dated March 21, 1973, the Commission authorized the use of said well for salt water disposal purposes, provided that disposal would be into the San Andres formation through the open-hole interval from 4,400 feet to 5,000 feet.

(4) That by Order No. R-4495-A, dated October 7, 1975, said Order No. R-4495 was amended to also permit, until February 7, 1976, the disposal of produced salt water into perforations between 4,230 feet and 4,320 feet.

(5) That in Case No. 5619 held on January 20, 1976 before Commission Examiner, Daniel S. Nutter, the applicant sought an additional 90-day period for disposal into the aforesaid perforated interval while applicant completed an additional disposal well for its salt water disposal system in the subject area.

(6) That at said January 20th hearing, the applicant assured the Commission that the additional disposal well and related facilities could be put into operation prior to the expiration of the requested 90-day extension of time and that upon placing such well and related facilities in operation, applicant would be able to reduce disposal volumes in said SWD Well No. C-2 to a level which the open-hole interval from 4,400 feet to 5,000 feet would accept, and would then be able to discontinue disposal into the perforated interval from 4,230 feet to 4,320 feet.

(7) That on February 3, 1976, the Commission entered Order No. R-4495-B amending Order No. R-4495-A to permit the continued disposal of produced salt water into perforations between 4,230 feet and 4,320 feet in said SWD Well No. C-2 until May 7, 1976.

(8) That the applicant has now completed such additional disposal well being its SWD Well No. A-22 located in Unit A of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico.

(9) That said SWD Well No. A-22 will not accept sufficient water at pressure limitations imposed by Commission Order No. R-5137 (100 psi surface pressure) to permit the applicant to discontinue use of the perforated interval in said SWD Well No. C-2 for disposal purposes.

(10) That in Case No. 5644 heard by the Commission on March 10, 1976, applicant requested an amendment of said Order No. R-5137 to permit surface injection pressures of up to 1200 psi for said SWD Well No. A-22 to cause said well to accept volumes of water sufficient to offset those being disposed in said perforated interval in said SWD Well No. C-2.

(11) That as of the date of the subject hearing, no order had been issued in Case No. 5644.

(12) That applicant now seeks the amendment of Commission Order Nos. R-4495-A and R-4495-B to permit continued disposal into said perforated interval in its SWD Well No. C-2 for an additional 90-day period after May 7, 1976, and thereafter until 30 days after the entry of an order favorable to the applicant in Case No. 5644.

(13) That the possibility exists that the Commission will not act favorably upon applicant's request in Case No. 5644.

(14) That the applicant anticipates the connection of additional wells to the subject salt water disposal system in the immediate future and a concomitant increase in the volume of salt water requiring disposal.

(15) That the applicant has made no contingency plans for water disposal in the event its application in Case No. 5644 is denied nor for the anticipated additional expected volumes of produced waters.

(16) That in order for the applicant to cease disposal of water into the perforated interval in said SWD Well No. C-2 and to dispose of the aforementioned present and anticipated volumes of salt water, additional disposal facilities will be required.

(17) That if the Commission should deny applicant's request in Case No. 5644, approval of the subject application would result in permanent authorization to inject into said perforated interval in SWD Well No. C-2.

(18) That continued temporary extensions of applicant's authority to inject into said perforated interval in SWD Well No. C-2 would have the same effect as permanent or unrestricted authority to inject.

(19) That evidence previously presented indicates that unrestricted disposal of salt water into said perforated interval in the subject well for an extended period of time could have an adverse effect on oil production and oil reserves in the vicinity of said well.

(20) That to avoid said adverse effects no order should be issued at this time which authorizes or may authorize permanent or unrestricted injection into said perforated interval in SWD Well No. C-2.

(21) That if the subject application for extension of temporary authority to inject into said perforated interval in applicant's SWD Well No. C-2 should be denied approximately 430 producing wells would be shut-in.

(22) That to avoid the immediate shut-in of said 430 producing wells a 90-day extension of the temporary authority to inject into said perforated interval in applicant's SWD Well No. C-2 should be granted.

(23) That an offset operator has objected to continued disposal of salt water into said perforated interval in applicant's SWD Well No. C-2.

(24) That such objection is based upon assertions that there is oil under said objecting operator's lease which will be swept off such lease by the water being injected within said perforated interval in SWD Well No. C-2.

(25) That if such assertions are correct, said operator's correlative rights would be violated by unlimited injection into said perforated interval in SWD Well No. C-2.

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(26) That the evidence presented to date is sufficient to indicate that correlative rights will be violated if any order or series of orders should be issued by the Commission which would grant or would have the affect of granting permanent authority for injection of water into said perforated interval in said SWD Well No. C-2.

(27) That the application for amendment of Commission Order Nos. R-4495-A and R-4495-B for an additional 90-day period of temporary authority after May 7, 1976, to inject into said perforated interval in SWD Well No. C-2 should be granted.

(28) That the application for authority to inject into said perforated interval in said well until 30 days after the entry of an order favorable to the applicant in Case No. 5644 should be denied.

(29) That on or before August 7, 1976, the applicant should discontinue injection into the perforated interval from 4,230 feet to 4,320 feet in said SWD Well No. C-2, should have developed additional disposal facilities with sufficient capacity to provide for immediate discontinuance of water injection into the subject perforated interval, or should have obtained from the Commission permanent authority to inject into said perforated interval.

IT IS THEREFORE ORDERED:

(1) That the "PROVIDED FURTHER" Section of Order No. 1 of Commission Order No. R-4495-A is hereby amended to read in its entirety as follows:

"PROVIDED FURTHER, that disposal into the aforesaid perforated interval from 4,230 feet to 4,320 feet shall not occur after August 7, 1976, and proper action shall be taken by the applicant to the satisfaction of the Supervisor of the Hobbs District Office of the Commission to prevent such disposal."

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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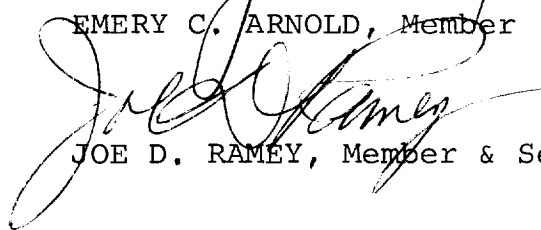
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman



EMERY C. ARNOLD, Member



JOE D. RAMEY, Member & Secretary

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