

Entered August 3, 1976



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. 5714
Order No. R-4495-D

APPLICATION OF AGUA INC. FOR SALT
WATER DISPOSAL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 14, 1976, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 3rd day of August, 1976, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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.

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(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 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 would 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 in Case No. 5674 held on April 28, 1976, before Commission Examiner Richard L. Stamets, the applicant sought permission to continue 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.

(12) That if the Commission had denied applicant's request in Case No. 5644, approval of the application in Case 5674 would have resulted in permanent authorization to inject into said perforated interval in SWD Well No. C-2.

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

(14) That on May 18, 1976, the Commission entered Order No. R-4495-C amending Orders Nos. R-4495-A and R-4495-B by granting the applicant's request to continue to dispose of produced salt water into the perforated interval between 4,230 feet and 4,320 feet in said SWD Well No. C-2 until August 7, 1976, and applicant's request 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 was not granted.

(15) That applicant seeks in this case permanent authority to dispose of produced salt water into the perforated interval from 4,230 feet to 4,320 feet and into the open-hole interval from 4,400 feet to 5,000 feet in its SWD Well No. C-2.

(16) That approval of continued injection of produced water through the open-hole interval from 4,400 feet to 5,000 feet will prevent waste and protect correlative rights.

(17) That evidence 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 thereby causing waste.

(18) That to avoid said adverse effects no order should be issued which would authorize permanent unrestricted injection into said perforated interval in the SWD Well No. C-2.

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

(20) 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 the SWD Well No. C-2.

(21) 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.

(22) That the evidence presented is sufficient to indicate that correlative rights will be violated if any order should be issued by the Commission granting permanent authority for injection of water into said perforated interval in said SWD Well No. C-2.

(23) That in order to prevent waste and protect correlative rights, the application for authority to dispose of produced salt water into said perforated interval in said SWD Well No. C-2 should be denied.

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(24) That denial of the subject application might result in approximately 430 producing wells connected to applicant's disposal system being shut-in.

(25) That to avoid the immediate shut-in of said 430 producing wells following denial of the subject application, an extension of the temporary authority to inject into said perforated interval in applicant's SWD Well No. C-2 should be authorized.

IT IS THEREFORE ORDERED:

(1) That the application of Agua Inc. for permanent authority to dispose of produced salt water into the San Andres formation through the open-hole interval from 4,400 feet to 5,000 feet below the surface in its SWD Well No. C-2 located in Unit C of Section 2, Township 22 South, Range 37 East, Lea County, New Mexico, be and the same hereby is granted.

(2) That the application of Agua Inc. for permanent authority to dispose of produced salt water into the San Andres formation through the perforated interval from 4,230 feet to 4,320 feet below the surface in its SWD Well No. C-2 located in Unit C of Section 2, Township 22 South, Range 37 East, Lea County, New Mexico, be and the same hereby is denied.

(3) PROVIDED FURTHER, 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 October 1, 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."

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

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