

Entered February 14, 1981
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7122
Order No. R-6573

APPLICATION OF ELK OIL COMPANY
FOR SALT WATER DISPOSAL, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 14, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of February, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Elk Oil Company, is the owner and operator of the C. S. State Well No. 2, located in Unit K of Section 26, Township 14 South, Range 34 East, NMPM, High Plains-Pennsylvanian Pool, Lea County, New Mexico.

(3) That the applicant proposes to utilize said well to dispose of produced salt water into the Pennsylvanian formation, with injection into the perforated interval from approximately 10,445 feet to 10,516 feet.

(4) That the injection should be accomplished through 2 3/8-inch plastic lined tubing installed in a packer set at approximately 10,300 feet; that the casing-tubing annulus should be filled with an inert fluid; and that 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.

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(5) That if pressure is required for injection, the injection well or system should be equipped with a pressure limiting switch or acceptable substitute which will limit the wellhead pressure on the injection well to no more than 2090 psi.

(6) That the operator should notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment so that the same may be inspected.

(7) That 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.

(8) That Coquina Oil Company is the owner and operator of the Cities Service State Well No. 1 located in Unit E of Section 26, Township 14 South, Range 34 East, NMPM.

(9) That said Cities Service State Well No. 1 is completed in said High Plains-Pennsylvanian Pool on the 40-acre proration unit immediately offsetting the proposed injection well to the northwest.

(10) That injection of salt water into applicant's Cities Service State Well No. 2 could result in the premature watering out of said Cities Service State Well No. 1 thereby resulting in waste and violation of correlative rights.

(11) That the applicant and Coquina agreed that an administrative procedure to halt injection into said Cities Service State Well No. 2 upon a showing of increased water production from said Cities Service State Well No. 1 would prevent such premature abandonment.

(12) That approval of the subject application with an administrative procedure to cause injection to be halted to prevent premature water encroachment into and abandonment of said Cities Service State Well No. 1 will prevent waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Elk Oil Company, is hereby authorized to utilize its C. S. State Well No. 2, located in Unit K of Section 26, Township 14 South, Range 34 East, NMPM, High Plains-Pennsylvanian Pool, Lea County, New Mexico, to

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dispose of produced salt water into the Pennsylvanian formation, injection to be accomplished through 2 3/8-inch tubing installed in a packer set at approximately 10,300 feet, with injection into the perforated interval from approximately 10,445 feet to 10,516 feet;

PROVIDED HOWEVER, that the tubing shall be plastic-lined; that the casing-tubing annulus shall be filled with an inert fluid; and that 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.

(2) That if pressure is required for injection, the injection well or system shall be equipped with a pressure relief valve or acceptable substitute which will limit the wellhead pressure on the injection well to no more than 2090 psi.

(3) That 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 so that the same may be inspected.

(4) That the operator shall immediately notify the supervisor of the Division's Hobbs 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.

(5) That the applicant shall submit monthly reports of its disposal operations in accordance with Rules 704 and 1120 of the Division Rules and Regulations.

IT IS FURTHER ORDERED:

(1) That the Director of the Division shall rescind the injection authority granted by this order upon application and showing by the operator of the Cities Service State Well No. 1 located in Unit E of said Section 26 of the following:

- (a) That said well is currently completed in the High Plains Pennsylvanian Pool;
- (b) That said well has experienced an increase in water production up to a current average of 25 barrels per day;

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- (c) copies of supporting production records; and
- (d) a demonstration that the operator of said Cities Service State Well No. 2 salt water disposal well has been notified of the request for rescission of authority to inject.

(2) That the Director may require additional testing of said Cities Service State Well No. 1 in order to confirm the rate of water production therefrom.


(3) That the Director shall rescind the injection authority granted by this order within 30 days following receipt of an application as provided for in Order (1)(a) through (d) above.

PROVIDED HOWEVER, that the Director may set this matter for a public hearing upon a proper showing that the facts alleged or data submitted in the application for rescission are inaccurate, incorrect, or not representative of conditions demonstrating premature water encroachment resulting from operation of the disposal well.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

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