

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. 8677
Order No. R-8046

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on August 14, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 3rd day of October, 1985, 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, Texaco Producing, Inc., is the owner and operator of the Skelly Penrose "A" Unit Well No. 62, located 2200 feet from the South and West lines (Unit K) of Section 3, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) The applicant proposes to utilize said well to dispose of salt water that could be encountered from a possible water flow in the salt sections underlying the immediate area by infill wells being drilled on the applicant's Skelly Penrose "A" Unit, with injection into the San Andres formation in the perforated and open-hole intervals from approximately 3913 feet to 5120 feet.

(4) At the time of the hearing the surface owners, R. D. Sims and Floyd Sims of Eunice, New Mexico, appeared and objected to the proposed disposal well which is within a half mile of their house where a fresh water well is located.

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(5) The proposed disposal of this "water-flow" water will not adversely affect the fresh water supply in the area and should be approved.

(6) The injection should be accomplished through 2 3/8-inch plastic lined tubing installed in a packer set at approximately 3800 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.

(7) 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.

(8) 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 780 psi.

(9) 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 San Andres formation.

(10) 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 and of the mechanical integrity pressure test in order that the same may be inspected.

(11) 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.

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

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Texaco Producing, Inc., is hereby authorized to utilize its Skelly Penrose "A" Unit Well No. 62, located 2200 feet from the South and West lines (Unit K)

of Section 3, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, to dispose only of salt water from the salt sections underlying the Skelly Penrose "A" Unit that might possibly be encountered by infill wells being drilled by the applicant in said unit, injection to be accomplished through 2 3/8-inch tubing installed in a packer set at approximately 3800 feet, with injection into the San Andres formation in the perforated and open-hole intervals from approximately 3913 feet to 5120 feet;

PROVIDED HOWEVER THAT, said tubing shall be internally plastic lined; the casing-tubing annulus shall be filled with an inert fluid; 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, and/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 Hobbs.

(2) 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 780 psi.

(3) The Director of the Division upon proper application may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the San Andres formation.

(4) 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 and of the mechanical integrity pressure test in order that the same may be witnessed.

(5) 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.

(6) 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.

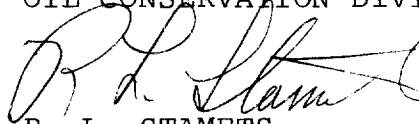
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(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "R. L. Stamets", is written over the typed name.

R. L. STAMETS
Director

S E A L

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