

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. 8738
Order No. R-8079

APPLICATION OF CHAMA PETROLEUM
COMPANY FOR SALT WATER DISPOSAL,
EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on October 23, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 18th day of November, 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, Chama Petroleum Company, seeks authority to re-enter the Samedan Oil Corporation Fanning Com Well No. 1 located 1980 feet from the South and West lines (Unit K) of Section 4, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico and to utilize said well as a produced salt water disposal well, with injection into the perforated interval from approximately 8023 feet to 8136 feet in the Cisco and Canyon formations.

(3) The subject well was spudded on September 16, 1973, completed in the West Four Mile Draw-Morrow Gas Pool, and was plugged and abandoned by Samedan Oil Corporation in December, 1978.

(4) Originally said well had 9461 feet of 4 1/2-inch casing set for its production string. At the time it was plugged and abandoned 7995 feet of this casing string was recovered.

(5) The applicant proposes to recomplete the subject well by tying back into the 4 1/2-inch casing with an overshot on a 5 1/2-inch casing which casing string should be adequately cemented to specifications set by the Supervisor of the Artesia District Office; the injection should be accomplished through 2 7/8-inch plastic lined tubing installed in a packer set at approximately 7923 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 1600 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 Cisco formation.

(9) The operator should give advance notification to 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.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Chama Petroleum Company, is hereby authorized to re-enter and utilize the Samedan Oil Corporation Fanning Com Well No. 1, located 1980 feet from the South and West lines (Unit K) of Section 4, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico, to dispose of produced salt water into the Cisco and Canyon formations, injection to

be accomplished through 2 7/8-inch tubing installed in a packer set at approximately 7923 feet, with injection into the perforated interval from approximately 8023 feet to 8136 feet;

PROVIDED HOWEVER THAT, the 5 1/2-inch casing string to be tied-back into the original 4 1/2-inch production string at approximately 7995 feet shall be adequately cemented to specifications set by the supervisor of the Division's Artesia district office;

PROVIDED HOWEVER THAT, said tubing shall be 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 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 1600 psi.

(3) The Director of the Division 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 Cisco and Canyon formations.

(4) The operator shall notify the supervisor of the Artesia district office of the Division in advance 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 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.

(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.

-4-

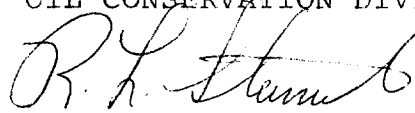
Case No. 8738

Order No. R-8079

(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