



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

ADMINISTRATIVE ORDER SWD-973

APPLICATION OF PNM GAS RESOURCES FOR PRODUCED WATER DISPOSAL, SANDOVAL COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), PNM Gas Resources made application to the New Mexico Oil Conservation Division on February 11, 2005, for permission to utilize for produced water disposal its San Ysidro Well No. 6 (API No. 30-043-20137) located 625 feet from the North line and 1420 feet from the West line of Section 20, Township 15 North, Range 1 East, NMPM, Sandoval County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant is hereby authorized to utilize its San Ysidro Well No. 6 (API No. 30-043-20137) located 625 feet from the North line and 1,420 feet from the West line of Section 20, Township 15 North, Range 1 East, NMPM, Sandoval County, New Mexico, in such manner as to permit the injection of produced water for disposal purposes into the Mesita Blanca member of the Yeso formation through perforations from 2,260 feet to 2,310 feet and through plastic-lined tubing set with a packer located within 100 feet of the top of the injection interval.

IT IS FURTHER ORDERED THAT:

The operator shall 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.

As preparation for injection, the operator shall squeeze off the current perforations located from 2,208 feet to 2,228 feet, drill out and pressure test the squeezed perforations. The operator shall call the supervisor of the Aztec district office of the Division prior to this operation. The operator shall then perforate the lowermost porosity interval of the Mesita Blanca, located in gross interval below the shale break located at 2,260 feet and down to 2,310 feet. The injection packer shall be placed above 2,208 feet and no higher than 2,160 feet.

After installing injection tubing, the casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer.

The wellhead injection pressure on the well shall be limited to **no more than 452 psi**. In addition, the injection well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface injection pressure to the maximum allowable pressure for this well.

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 injection formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Aztec district office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Aztec district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

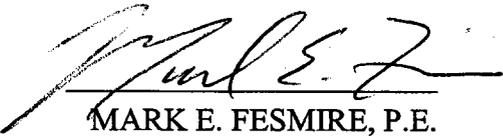
PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall provide written notice of the date of commencement of injection to the Aztec district office of the Division.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 29th day of March 2005.



MARK E. FESMIRE, P.E.

Director

MEF/wvjj

cc: Oil Conservation Division – Aztec
Bureau of Land Management - Albuquerque