



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-1065-A

APPLICATION OF BEPCO, L.P. FOR PRODUCED WATER DISPOSAL, EDDY COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), BEPCO, L.P. made application to the New Mexico Oil Conservation Division for permission to utilize for produced water disposal its Poker Lake Unit Well No. 188Y (API No. 30-015-33776) located 695 feet from the North line and 1880 feet from the West line of Section 5, Township 24 South, Range 30 East, NMPM, Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

On December 22, 2006, the operator was permitted with administrative Order SWD-1065 to inject water into this well for disposal purposes into the Delaware Mountain Group from 4780 feet to 7330 feet.

On October 30, 2007, the operator has asked for an amendment to the permit, restricting injection into a narrow set of perforations from 7320 to 7330 feet, with stated reason being: "we do not want to possibly water-out some surrounding producing wells."

In addition, the operator has discovered an initial temperature survey and supplied a copy to the Division and asked for relief from running a bond log. The operator also asked for relief from the required injection survey – since the injection interval would be much narrower.

This request is for injection within the previously noticed and approved injection interval and therefore additional notice should not be required.

The request to limit the injection interval should be approved in order to prevent waste. A cement bond log should no longer be required. An injection survey is no longer necessary. The maximum injection pressure will be higher than before, due to injection into lower strata.

IT IS THEREFORE ORDERED THAT:

The applicant is hereby authorized to utilize its Poker Lake Unit Well No. 188Y (API No. 30-015-33776) located 695 feet from the North line and 1880 feet from the West line of Section 5, Township 24 South, Range 30 East, NMPM, Eddy County, New Mexico, in such manner as to permit the injection of produced water for disposal purposes into the Delaware Mountain Group through perforations from 7320 feet to 7330 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.

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.

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

The wellhead injection pressure on the well shall be limited to **no more than 1464 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 Artesia 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 Artesia 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.

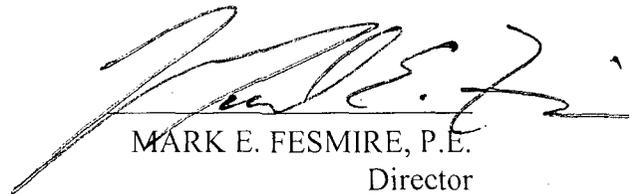
PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements 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 Artesia 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 November 2, 2007.



MARK E. FESMIRE, P.E.
Director

MEF/wvjj

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad