



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

ORDER SWD-331

THE APPLICATION OF HONDO OIL AND GAS, COMPANY.

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Hondo Oil and Gas, Company made application to the New Mexico Oil Conservation Division on September 15, 1987, for permission to complete for salt water disposal its BC Dickenson "B" Well No. 5 located in Unit M of Section 12, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico.

The Division Director finds:

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

IT IS THEREFORE ORDERED:

That the applicant herein, Hondo Oil and Gas, Company is hereby authorized to complete its BC Dickenson "B" Well No. 5, located in Unit M of Section 12, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the Wolfcamp and Upper Pennsylvanian formations into the open hole interval from 9427 feet to 10,100 feet through 4 1/2 inch plastic lined tubing set in a packer located at approximately 9350 feet.

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.

That the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

That prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of the casing.

That the injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1885 psi.

That 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 Wolfcamp and Upper Pennsylvanian formation. That such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

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 and of the mechanical integrity test so that the same may be inspected and witnessed.

PROVIDED FURTHER, That jurisdiction of this cause is hereby retained by the Division for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after notice and hearing, the Division may terminate the authority hereby granted in the interest of conservation. That applicant shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

That the Division Director may rescind or suspend this injection authority if it becomes apparent that the injected water is not being confined to the injection zone or it is endangering any fresh water aquifers.

Approved at Santa Fe, New Mexico, on this 15 day of October,
1987.

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION



WILLIAM J. LEMAY,
Director

S E A L