



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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GOVERNOR

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SANTA FE, NEW MEXICO 87504  
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ORDER SWD-338

THE APPLICATION OF PENROC OIL CORPORATION

ADMINISTRATIVE ORDER  
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 70I(B), Penroc Oil Corporation made application to the New Mexico Oil Conservation Division on April 20, 1988, for permission to complete for salt water disposal its Kelly State Well No. 3 located in Unit M of Section 16, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

The Division Director finds:

- (1) Application has been duly filed under the provisions of Rule 70I(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified; and
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 70I will be met.
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, Penroc Oil Corporation is hereby authorized to complete its Kelly State Well No. 3, located in Unit M of Section 16, Township 23 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 Queen formation at approximately 3555 feet to approximately 3617 feet through 2 7/8 inch plastic lined tubing set in a packer located at approximately 3400 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.

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 said casing.

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.

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 711 psi.

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 Queen 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 Hobbs district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity so that the same may be inspected and witnessed.

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.

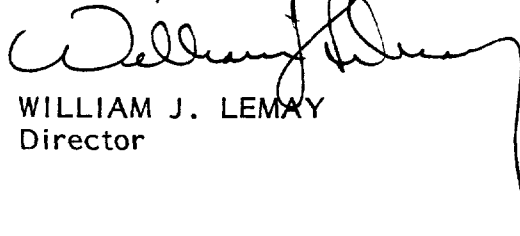
The operator shall within six months after commencing injection operations into the well, re-enter the J.C. Johnson Well No. 2 located 660 FNL & 660 FEL of Section 20, T-20 South, R-37 East, and plug said well in a manner which will confine the injected water to the injection formation in accordance with a plugging program to be approved by the supervisor of the Division's Hobbs District Office.

PROVIDED FURTHER, 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 the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in a this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

Operator shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

Approved at Santa Fe, New Mexico, on this 9th day of May, 1988.

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A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the printed name and title. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LEMAY  
Director

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