

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR



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SANTA FE, NEW MEXICO 87504
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ADMINISTRATIVE ORDER NO. SWD-466

APPLICATION OF SANDSTONE OIL & GAS

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Rule 701(B), Sandstone Oil & Gas made application to the New Mexico Oil Conservation Division on March 3, 1992, for permission to complete for salt water disposal its Tom "36" State No. 2 located in Unit H of Section 36, Township 7 South, Range 31 East, NMPM, Chaves 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; and
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met.
- (4) An objection has been received within the waiting period prescribed by said rule, but the applicant has reached a satisfactory agreement with the protester.

IT IS THEREFORE ORDERED THAT:

- (1) The applicant herein, Sandstone Oil & Gas is hereby authorized to complete its Tom "36" State No. 2 located in Unit H of Section 36, Township 7 South, Range 31 East, NMPM, Chaves County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the San Andres formation at approximately 4125 feet to approximately 4217 feet through 2 3/8 inch plastic lined tubing set in a packer located at approximately 4025 feet.

IT IS FURTHER ORDERED THAT:

- 1) 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.
- 2) 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.
- 3) 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.
- 4) 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 825 psi.
- 5) 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 San Andres formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.
- 6) 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.
- 7) The operator shall immediately notify the supervisor of the Hobbs 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.
- 8) As per agreement between the applicant and Murphy Operating Corporation, the additional requirements, shown on Exhibit "A" attached hereto, are hereby adopted as conditions of approval.

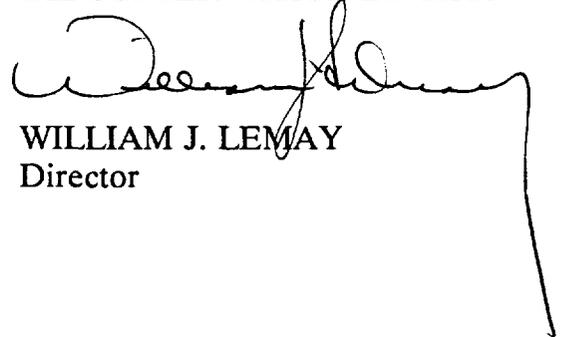
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PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the 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 this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The 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 11th day of March, 1992.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe

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EXHIBIT "A"
SANDSTONE OIL & GAS
DIVISION ORDER NO. 466

- 1) The injection rate into said well shall be limited to a maximum of 150 BWPD.
- 2) The operator shall immediately notify the Division and offset operators if the injection rate exceeds or is expected to exceed in the foreseeable future, 150 BWPD.
- 3) If an offset operator reasonably believes that the injection, at any volume, is adversely affecting offset producing wells, the operator shall:
 - a. Reduce the injection to a rate mutually agreed upon by the operator and offset operators, or
 - b. Failing such agreement, operator shall cease injection.
- 4) The operator shall immediately notify the Division and offset operators of any plans to perforate additional intervals for injection and shall postpone or abort such operations pending any objection by an offset operator or the Division.
- 5) The operator shall run radioactive tracer and temperature surveys at one year intervals to assure mechanical integrity of wellbore and that no channeling or communication out of said zone exists.