



ADMINISTRATIVE ORDER SWD-705

APPLICATION OF MARATHON OIL COMPANY FOR SALT WATER DISPOSAL, EDDY COUNTY, NEW MEXICO.

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Rule 701.B., Marathon Oil Company made application to the New Mexico Oil Conservation Division on April 21, 1998, for permission to complete for salt water disposal its Indian Hills Unit Well No. 12 located 2080 feet from the North line and 2130 feet from the West line (Unit F) of Section 33, Township 21 South, Range 24 East, NMPM, Eddy 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;
- (4) No objections have been received within the waiting period prescribed by said rule; and,
- (5) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant herein, Marathon Oil Company is hereby authorized to complete its Indian Hills Unit Well No. 12 located 2080 feet from the North line and 2130 feet from the West line (Unit F) of Section 33, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, in such a manner so as to permit the production of oil and gas from the Upper Pennsylvanian formation through perforations from 7,804 feet to 8,200 feet, to provide for separation of the oil/gas/water production stream by means of a downhole separation and injection assembly, and to provide for downhole injection of produced salt water for disposal purposes into the Devonian formation at approximately 10,900 feet to 11,500 feet through 2 7/8-inch plastic-lined tubing set in a packer located at approximately 10,000 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, and at a frequency of at least every five years thereafter, the applicant shall pressure test the casing above the proposed producing interval and the casing and liner between the producing and injection interval to assure the integrity of such casing/liner.

The pressurization system shall be equipped or otherwise maintained so as to limit injection pressure into the Devonian formation to no more than 6,900 psi (bottomhole pressure) or 2,180 psi (surface pressure).

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 Devonian 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 production/disposal equipment and of the 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.

The applicant shall notify the supervisor of the Artesia district office of the Division of the failure of any downhole rate and/or pressure sensor and shall take necessary steps to correct such failure.

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 submit monthly reports of the disposal operations on Division Form C-

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Marathon Oil Company

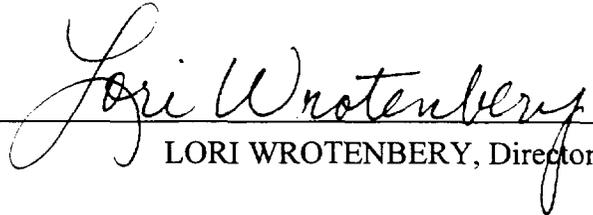
June 15, 1998

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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 15th day of June, 1998.


LORI WROTENBERY, Director

LW/DRC

xc: Oil Conservation Division - Artesia
NM State Land Office - Oil and Gas Division
US Bureau of Land Management - Carlsbad