



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

*ADMINISTRATIVE ORDER SWD-791
(CORRECTED)*

APPLICATION OF YATES PETROLEUM CORPORATION FOR PRODUCED WATER DISPOSAL, LEA COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Yates Petroleum Corporation made application to the New Mexico Oil Conservation Division on November 3, 2000, for permission to dually complete for production/produced water disposal its Sand Springs "ASU" State Well No. 3 (**API No. 30-025-34861**) located 1500 feet from the South line and 1500 feet from the East line (Unit J) of Section 11, Township 11 South, Range 34 East, NMPM, Lea 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; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, is hereby authorized to dually complete its Sand Springs "ASU" State Well No. 3 (**API No. 30-025-34861**) located 1500 feet from the South line and 1500 feet from the East line (Unit J) of Section 11, Township 11 South, Range 34 East, NMPM, Lea County, New Mexico, in a such manner as to permit:

- (a) the injection of produced water for disposal purposes into the Devonian formation through the open-hole interval from 13,184 feet to 13,400 feet through 2 3/8 inch plastic-

lined tubing set in a packer located at approximately 13,100 feet; and

- (b) the production of gas from the Morrow formation through the perforated interval from approximately 12,138 feet to 12,196 feet through 2 3/8 inch tubing set in a packer located at approximately 12,000 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 the Morrow or other formations, or onto the surface.

Prior to commencing injection operations into the well, the Mississippian perforated interval from 13,064 feet to 13,082 feet shall be cement squeezed in order to effectively isolate this formation.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the upper 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 2637 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 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 Hobbs 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 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.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the

Corrected Administrative Order SWD-791

Yates Petroleum Corporation

April 20, 2001

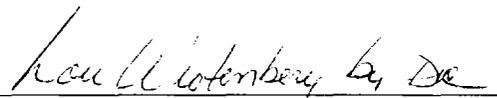
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entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, 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-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 20th day of April, 2001.



LORI WROTENBERY, Director

LW/DRC

cc: Oil Conservation Division – Hobbs
New Mexico State Land Office – Oil and Gas Division