NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER SWD-906-A

APPLICATION OF YATES PETROLEUM CORPORATION FOR SALT WATER DISPOSAL, CHAVES COUNTY, NEW MEXICO.

30-005-62884

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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 October 20, 2003, for permission to utilize for salt water disposal its Biplane SWD Well No. 3 located 2310 feet from the North line and 1980 feet from the East line (Unit G) of Section 16, Township 6 South, Range 27 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;

(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:

Yates Petroleum Corporation is hereby authorized to utilize its Biplane SWD Well No. 3 located 2310 feet from the North line and 1980 feet from the East line (Unit G) of Section 16, Township 6 South, Range 27 East, NMPM, Chaves County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Silurian formation from a depth of 6,326 feet to 6,386 feet through 2 7/8 inch plastic-lined tubing set in a packer located at approximately 6,300 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.

In preparation for disposal, 5 ½ inch J-55 ST & C casing shall be set at a depth of 6,535 feet in the well and cemented with adequate cement so as to bring the cement up to a depth of 4,000 feet.

Prior to injection, 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 1,265 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 injection formations. 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 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 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.

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-120-A, 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 21st day of January, 2004.

Lori Wrotenbery by DRC

LORI WROTENBERY, Director

LW/DRC

cc: Oil Conservation Division – Artesia
State Land Office-Oil & Gas Division