

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8346
Order No. R-7781

APPLICATION OF BBC, INC. FOR
SALT WATER DISPOSAL, EDDY COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on September 19, 1984, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 18th day of January, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, BBC, Inc., proposes to re-enter and be designated the operator of the Amoco Production Company Federal "AZ" Well No. 1, plugged and abandoned October 3, 1983, located 2080 feet from the South line and 660 feet from the East line (Unit I) of Section 29, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) The applicant proposes to utilize said well to dispose of produced salt water into the Delaware formation, with injection into the perforated interval from approximately 3,350 feet to 3,396 feet and into an open-hole interval from 3,555 feet to 3,700 feet.

(4) The operator of said proposed Federal "AZ" Salt Water Disposal Well No. 1 should 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 via surrounding injection, production, and/or plugged and abandoned wells.

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(5) The following described previously plugged and abandoned wells are located within one-half mile of said Federal "AZ" Well No. 1:

<u>WELL NAME AND NO.</u>	<u>FOOTAGE LOCATION</u>	<u>P & A DATE</u>
Texas Pacific Coal & Oil Company U.S.A. (New Mexico) "A" Well No. 1	1980' FSL & 660' FEL (Unit P)	12/21/60
Fred Pool Drilling Company Federal "TP" Well No. 1	660' FN & FEL (Unit A)	12/5/63

both in Section 29, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico.

(6) Prior to commencement of injection into said Federal "AZ" Well No. 1, the operator should demonstrate that the wells described in Finding Paragraph No. (5) above have either been re-plugged or have been previously plugged and abandoned in such a manner as to ensure that they do not provide an avenue of escape for fluid from the proposed injection zone and in accordance with a program that is satisfactory to the supervisor of the Division's district office at Artesia.

(7) Prior to commencing injection operations, the casing in the subject well should be pressure-tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(8) The injection should be accomplished through 4 1/2-inch plastic lined tubing installed in a packer set at approximately 3300 feet; the casing-tubing annulus should be filled with an inert fluid; and a pressure gauge or approved leak detection device should be attached to the annulus in order to determine leakage in the casing, tubing, or packer.

(9) The injection well or system should be equipped with a pressure limiting switch or other acceptable device which will limit the wellhead pressure on the injection well to no more than 670 psi.

(10) The Director of the Division should be authorized to administratively approve an increase in the injection pressure upon a proper showing by the operator that such higher pressure will not result in migration of the injected waters from the Delaware formation.

(11) The operator should notify the supervisor of the Artesia district office of the Division of the date and time of the installation of disposal equipment so that the same may be inspected.

(12) The operator should 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.

(13) Approval of the subject application will prevent the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, BBC, Inc., is hereby authorized to utilize its Federal "AZ" Well No. 1, located 2080 feet from the South line and 660 feet from the East line (Unit I) of Section 29, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico, to dispose of produced salt water into the Delaware formation, injection to be accomplished through 4 1/2-inch tubing installed in a packer set at approximately 3300 feet, with injection into the perforated interval from approximately 3,350 feet to 3,396 feet and into an open-hole interval from 3,555 feet to 3,700 feet;

PROVIDED HOWEVER THAT, the tubing shall be internally plastic-lined; that the casing-tubing annulus shall be filled with an inert fluid; and that a pressure gauge shall be attached to the annulus or the annulus shall be equipped with an approved leak detection device in order to determine leakage in the casing, tubing, or packer.

PROVIDED FURTHER THAT: prior to injection operations, the casing in the subject well shall be pressure-tested throughout the interval from the surface down to the proposed packer setting depth of approximately 3300 feet, said pressure test to be performed by the application of a minimum of 300 psi at the surface, to be held for at least 30 minutes. If a pressure drop of more than 10 percent should occur during such test, the casing shall be considered defective and remedial measures taken before injection operations. The Division's Artesia District Supervisor shall be notified of the date and time the aforesaid test will be conducted in order that he or his representative may witness said test.

PROVIDED FURTHER THAT: injection into the Delaware formation through said Federal "AZ" Well No. 1 shall not commence until the following described wells have either been

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re-plugged or are shown to have been adequately plugged and abandoned in a manner that is satisfactory to the supervisor of the Division's district office at Artesia:

<u>WELL NAME AND NO.</u>	<u>FOOTAGE LOCATION</u>
Texas Pacific Coal & Oil Company U.S.A. (New Mexico) "A" Well No. 1	1980' FSL & 660' FEL (Unit P)
Fred Pool Drilling Company Federal "TP" Well No. 1	660' FN & FEL (Unit A)

both in Section 29, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico.

(2) The injection well or system shall be equipped with a pressure limiting switch or other acceptable device which will limit the wellhead pressure on the injection well to no more than 670 psi.

(3) The Director of the Division upon proper application 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 Delaware formation.

(4) 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 the mechanical integrity pressure test in order that the same may be witnessed.

(5) The operator shall immediately notify the supervisor of the Division's Artesia 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.

(6) The applicant shall conduct disposal operations and submit monthly reports in accordance with Rules 702, 703, 704, 705, 706, 708, and 1120 of the Division Rules and Regulations.

(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



R. L. STAMETS,
Director

S E A L

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8355
Order No. R-7782

APPLICATION OF YATES PETROLEUM CORPORATION
FOR A UNIT AGREEMENT, CHAVES AND OTERO
COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on November 14, 1984, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 17th day of January, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Yates Petroleum Corporation, seeks approval of the One Three Unit Agreement covering 176,946.47 acres, more or less, of State, Federal and Fee lands as described in Exhibit "A" attached hereto and made a part hereof.

(3) All plans of development and operation and creations, expansions, or contractions of participating areas or expansions or contractions of the unit area, should be submitted to the Director of the Division for approval.

(4) Approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.