STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 10747
Order No. R-9933

APPLICATION OF NEARBURG PRODUCING COMPANY FOR SALT WATER DISPOSAL, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 17 and July 15, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of August, 1993, 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, Nearburg Producing Company, seeks authority to utilize its M. H. Federal Well No. 1-1N located 660 feet from the South line and 1650 feet from the West line (Unit N) of Section 1, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico, to dispose of produced salt water into the Cisco-Canyon formation through the perforated interval from approximately 8,219 feet to 8,380 feet.

(3) Division records indicate that the subject well was originally drilled by Morris R. Antweil in 1979 to a total depth of 7,952 feet. The well was subsequently plugged and abandoned in March, 1979. The applicant re-entered the subject well in July, 1988 and drilled to a total depth of 10,504 feet. The well tested non-productive in several prospective horizons, including the proposed injection interval from 8,219 feet to 8,380 feet.

(4) The subject well is located approximately 2-3 miles east of the Indian Basin-Upper Pennsylvanian Gas Pool.

(5) Applicant testified that it believes that the proposed injection interval is located below the oil-water contact within the Cisco-Canyon reservoir as evidenced by the production test run on the subject interval which recovered water with no oil or gas shows.

(6) No offset operator and/or interest owner appeared at the hearing in opposition to the proposed injection.

(7) Injection should be accomplished through 2 7/8-inch plastic-lined tubing installed in a packer located at approximately 8,200 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.

(8) The subject well currently has a cast iron bridge plug set at a depth of 10,210 feet.

(9) The applicant should be required to plug back the subject well to a reasonable depth below the lowermost injection perforations prior to commencing injection operations in accordance with a procedure approved by the supervisor of the Artesia district office of the Division.

(10) 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.

(11) The injection well or system should be equipped with a pressure limiting switch or other acceptable device which will limit the surface pressure on the injection well to no more than 1644 psi.

(12) 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 fluid from the Cisco-Canyon formation.

(13) 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 and of the conductance of the mechanical integrity pressure test in order that the same may be witnessed.

(14) 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.

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

(16) The injection authority granted herein should terminate one year after the effective date of this order if the applicant has not commenced injection operations into the subject well, provided however, the Division, upon written request by the applicant, may grant an extension thereof for good cause shown.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Nearburg Producing Company, is hereby authorized to utilize its M. H. Federal Well No. 1-1N located 660 feet from the South line and 1650 feet from the West line (Unit N) of Section 1, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico, to dispose of produced salt water into the Cisco-Canyon formation through the perforated interval from approximately 8,219 feet to 8,380 feet.

(2) Injection shall be accomplished through 2 7/8-inch plastic-lined tubing installed in a packer set at approximately 8,200 feet; the casing-tubing annulus shall be filled with an inert fluid and a pressure gauge or approved leak detection device shall be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(3) The applicant shall plug back the subject well to a reasonable depth below the lowermost injection perforations prior to commencing injection operations in accordance with a procedure approved by the supervisor of the Artesia district office of the Division.

(4) Prior to commencing 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, to assure the integrity of such casing.

(5) The injection well or system shall be equipped with a pressure limiting switch or other acceptable device which will limit the surface pressure on the injection well to no more than 1644 psi.

(6) The Director of the Division shall 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 fluid from the Cisco-Canyon formation.

(7) 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 conductance of the mechanical integrity pressure test in order that the same may be witnessed.

(8) 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.

(9) 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.

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

(11) The injection authority granted herein shall terminate one year after the effective date of this order if the applicant has not commenced injection operations into the subject well, provided however, the Division, upon written request by the applicant, may grant an extension thereof for good cause shown.

(12) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

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