



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER SWD-913

***APPLICATION OF ELM RIDGE RESOURCES, INC. FOR SALT WATER
DISPOSAL, SAN JUAN COUNTY, NEW MEXICO.***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Rule 701(B), Elm Ridge Resources, Inc. made application to the New Mexico Oil Conservation Division on January 5, 2004, for permission to utilize for salt water disposal its proposed Central Bisti WDW Well No. 161 (API No. 30-045-31606) to be located 1,067 feet from the North line and 2,286 feet from the East line (Unit B) of Section 16, Township 25 North, Range 12 West, NMPM, San Juan 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 rule.

IT IS THEREFORE ORDERED THAT:

Elm Ridge Resources, Inc. is hereby authorized to utilize its proposed Central Bisti WDW Well No. 161 (API No. 30-045-31606) to be located 1,067 feet from the North line and 2,286 feet from the East line (Unit B) of Section 16, Township 25 North, Range 12 West, NMPM, San Juan County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Entrada formation from 6,910 feet to 6,990 feet, through 2 7/8 inch plastic-lined tubing set in a packer located at approximately 6,810 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.

After cementing, the operator shall provide proof of the cement top to the Aztec district office of the Division in the form of visual circulation, temperature survey, or cement bond log as applicable. The Entrada formation interval shall be logged with porosity and resistivity logs and swab tested after perforating. Results of the swab testing shall be reported to the Division and, if possible, water samples shall be obtained and supplied to the Division.

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 1,382 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 Aztec 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 Aztec 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 provide written notice of the date of commencement of injection to the Aztec district office of the Division. 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 4th day of February 2004.



LORI WROTENBERY, Director

LW/wvjj

cc: Oil Conservation Division – Aztec
State Land Office – Minerals Management Division