



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

BRUCE KING
GOVERNOR

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SANTA FE, NEW MEXICO 87504
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ADMINISTRATIVE ORDER NO. SWD-411(DC)

APPLICATION OF YATES PETROLEUM CORPORATION

**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 21, 1990 for permission to complete for salt water disposal its Medano "VA" State Well No. 1, located in Unit K of Section 16, Township 23 South, Range 31 East, NMPM, Eddy 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; and
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met.
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

- (5) The applicant herein, Yates Petroleum Corporation, is hereby authorized to complete its Medano "VA" State Well No. 1 located in Unit K of Section 16, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico, as a dual production/injection well. Injection of salt water for disposal purposes shall be into the Bone Spring formation at approximately 8065 feet to approximately 8639 feet through 2 7/8-inch plastic-lined tubing installed in a packer located at approximately 8000 feet. Production from the Bell Canyon and Brushy Canyon (Delaware formation) at depths of approximately 4218 feet to 4237 feet and 7825 feet to 7856 feet, respectively, shall be accomplished through a dual string of tubing.

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.

As a demonstration of continued mechanical integrity within the subject well, the applicant shall submit an annual production report to the Artesia District Office of the Division.

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 1613 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 Bone Spring 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 Artesia district office of the Division of the date and time of the installation of disposal and production equipment 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.

Upon cessation of production from the Bell Canyon and Brushy Canyon due to depletion, the application shall be required, if it intends to continue utilizing the subject well for water disposal, squeeze the perforations from 4218 feet from 7856 feet in a manner satisfactory to the supervisor of the Artesia District Office of the Division.

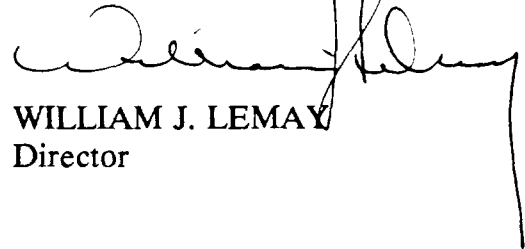
PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

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Approved at Santa Fe, New Mexico, on this 8th day of February, 1991.

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A handwritten signature in black ink, appearing to read "William J. Lemay", is written over the printed name and title. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Artesia