

Stogner, Michael

From: Thomas Kellahin [kellahin@earthlink.net]
Sent: Thursday, September 02, 2004 12:07 PM
To: Michael E. Stogner
Cc: WT Martin; Bobby Ebeier
Subject: OCD Case 13313-Candelario 24-1 SWD

In accordance with your request that the conclusion of the hearing of this case on August 19, 2004, please find attached our proposed order for your consideration

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10/7/2004

**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. 13313
ORDER NO. R-_____**

**APPLICATION OF RB OPERATING COMPANY
FOR APPROVAL OF A DISPOSAL WELL,
LEA COUNTY, NEW MEXICO.**

DRAFT-9/1/04-WTK

**RB OPERATING COMPANY'S
PROPOSED
ORDER OF THE DIVISION**

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 19, 2004, at Santa Fe, New Mexico, before Examiner Michael E. Stogner

NOW, on this ____ day of September, 2004, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.
- (2) The applicant, RB Operating Company ("RB"), seeks authority to utilize its Candelario "24" Well No. 1 (API No. 30-015-26536) located 660 feet from the North line and 660 feet from the West line (Unit D) of Section 24, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico, ("the proposed SWD well") to dispose of produced water into the Cherry Canyon interval of the Delaware formation through perforations from a depth of 4,304 feet to 4,656 feet.
- (3) On June 16, 2004, RB, in accordance with Division Rule 701, filed its administrative application for this well using Division form C-108 representing that it had sent appropriate notice to all parties within a one-half radius of this well that might be adversely affected by this application as required by Division Rule 701(C)(3). No objection was timely filed by any of those parties.

- (4) As required by Rule 701, RB has published notification of this case in the Carlsbad Current-Argus, a newspaper of general circulations in Eddy County, New Mexico, on June 1, 2004 that resulted in objections being filed by Draper Brantley, Jr., George Henry Brantley, Henry McDonald and Johnny Reed, being surface owners in the area, all represented in this case by W. T. Martin, Esq. of Carlsbad, New Mexico.
- (5) RB appeared at the hearing with legal counsel and presented two witnesses and evidence that demonstrated:
- (a) The proposed SWD well was spudded on November 7, 1990 and completed on December 14, 1990 for production for the Brushy Canyon interval of the Delaware formation and in November, 2002 was temporarily abandoned;
 - (b) Geologic analysis of the log data from the proposed SWD has demonstrated that this well is incapable of hydrocarbons production from the Cherry Canyon interval;
 - (c) Geologic and petroleum engineering evidence also demonstrated that:
 - i. The proposed SWD well has been drilled, cased and cemented such that it is adequate for use as a SWD well for injection of produced fluids into the Cherry Canyon interval of the Delaware formation.
 - ii. The wells within ½ mile radius of this SWD well are all adequately cased and cemented across, above and below the injection interval such that they are no “problem wellbores.”
 - iii. The Cherry Canyon interval is not productive of hydrocarbons within the ½ mile radius of this SWD well and injection into this interval will remain confined and will not adversely affect the recovery of hydrocarbons.
 - iv. The top and bottom of the Cherry Canyon interval are adequate to contain the injected fluids such that they will not escape into other formations or into fresh-water sands or onto the surface or into any river or stream.
 - v. The proposed surface injection pressure will not result in migration of the injected fluids from the injection interval
 - vi. The applicant is the current operator of all wells within the ½ radius of this proposed SWD well

- (d) The applicant submitted documentation that it has the right to use this wellbore for injection and that it has obtained the agreement of the surface owner as the site of this SWD well.
- (e) As an accommodation to the objection parties, RB has agreed that the following stipulation shall be made a part of the findings of this order:

The operator of this disposal well, upon the written request of Draper Brantely, Jr. or George Henry Brantley or Henry McDonald or Johnny Reed (or their heirs or assigns), shall obtain a water analysis for each of the following water sources, but not more frequently than once every two years and provide a copy to the Division and to each of these parties:

- (a) SCB water well No. 1 located 3500 feet FEL and 1300 feet FNL of Section 23, T23S, R28E;
- (b) SCB water well No. 2 located 1320 feet FEL and 720 feet FNL of Section 23, T23S, R28E;
- (c) SCB water well No. 3 located 850 feet FWL and 2600 feet FNL of Section 23, T23S, R28E
- (d) Pecos River at a point approximately 700 feet East of the Candelario "24" Well No. 1 ("SWD")

- (6) The Division finds the following.
 - (a) Within the ½ mile area of review, there has not been production from above 4,304 feet subsurface.
 - (b) The injection interval is separated from the shallow drinking water with two casing strings, both circulated with cement.
 - (e) No well work is needed to ensure injected fluid remains in the proposed injection interval from 4,304 feet to 4,656 feet.
- (7) Approval of this application will protect the environment, prevent waste, and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

- (1) The applicant, RB Operating Company, is hereby authorized to utilize its Candelario "24" Well No. 1 (API No. 30-015-26536) located 660 feet from the North line and 660 feet from the West line, (Unit D) of Section 24, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Cherry Canyon interval of the Delaware formation from 4,304 feet to 4,656 feet through 2-7/8 inch plastic-lined tubing set in a packer located within 100 feet above the top perforation.

IT IS FURTHER ORDERED THAT:

(2) 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.

(3) The wellhead injection pressure on the well shall be limited to **no more than 860-psi**. In addition, the injection well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface injection pressure to the maximum allowable pressure for this well.

(4) The Division Director may administratively authorize a pressure limitation in excess of the above upon a showing by the operator that such higher pressure will not result in migration of fluids out of the injection formation or the fracturing of the injection formation or confining strata.

(5) The operator shall notify in advance the supervisor of the Artesia district office of the Division of the date and time of changes in packer, tubing, mechanical integrity tests, or any other work to be performed on this well.

(6) The operator shall immediately notify the Supervisor of the Division's Artesia District Office of the failure of the tubing, casing or packer in the disposal well or the leakage of water, oil or gas from or around this well or any producing or plugged and abandoned well within the area, and shall take all steps as may be timely and necessary to correct such failure or leakage.

(7) 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 using any conduit such as fractures or wells.

PROVIDED FURTHER THAT,

(8) In accordance with Rule No. 705.B, the operator shall provide written notice of the date of commencement of injection to the Hobbs district office of the Division.

(9) In accordance with Rule No 705.C, 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 well, and will terminate *ipso facto*, one year after injection operations have ceased.

(10) In accordance with Rule Nos. 706 and 1120, the operator shall submit monthly reports of the disposal operations on Division Form C-115.

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(11) 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.

(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

MARK E. FESMIRE, P.E.
Director

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