



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

May 26, 1986



1935 - 1985

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SANTA FE, NEW MEXICO 87501
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ORDER SWD-300

THE APPLICATION OF V-F PETROLEUM INC.

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), V-F Petroleum, Inc. made application to the New Mexico Oil Conservation Division on May 5, 1986, for permission to complete for commercial salt water disposal its Mayme Graham No. 1 well located in Unit N of Section 9, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico.

The Division Director finds:

- (1) That application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) That satisfactory information has been provided that all offset operators and surface owners have been duly notified; and
- (3) That the applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met.
- (4) That no objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED:

That the applicant herein, V-F Petroleum Inc. is hereby authorized to complete its Mayme Graham No. 1 Well, located in Unit N of Section 9, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of salt water for commercial disposal purposes into the Devonian formation at approximately 13,600 feet to approximately 13,900 feet through 2 3/8 inch plastic lined tubing set in a packer located at approximately 100 feet above the top of the proposed injection interval.

That Ordering Paragraph No. 4 of Division Order No. R-7960 authorizing the applicant to dispose only water produced from

NMOCD CASE #14122
H&M EXHIBIT 4

their lease in the SE/4 of Section 8 and the SW/4 of Section 9, Township 15 South, Range 36 East, NMPM, is hereby placed in abeyance.

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.

That 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.

That 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 2720 psi.

That 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 Devonian formation. That such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

That the operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment so that the same may be inspected.

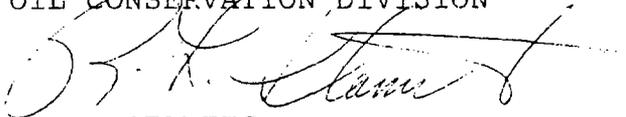
That the operator shall immediately notify the supervisor of the Division's Hobbs district office of the failure of the tubing, casing, or packer, in said well or the leakage of water from or around said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER, That jurisdiction of this cause is hereby retained by the Division for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after notice and hearing, the Division may terminate the authority hereby granted in the interest of conservation. That applicant shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

That the Division Director may rescind or suspend this injection authority if it becomes apparent that the injected water is not being confined to the injection zone or it is endangering any fresh water aquifers.

Approved at Santa Fe, New Mexico, on this 26th day of May,
1986.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


R. L. STAMETS,
Director

S E A L

REMARKS: Division Order No. R-7960, dated June 12, 1985,
authorized the applicant to dispose of produced water
from their Leases in Sections 8 and 9, Township 15
South, Range 36 East, into the Devonian formation from
13,474 to 13,564 in the above described well. This
Administrative Order authorizes a change in the disposal
interval to 13,600-13,900 feet, and also authorizes the
applicant to utilize said well as a commercial disposal
well.

xc: OCD - Hobbs
Case File - 8591

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. 8591
Order No. R-7960

APPLICATION OF V-F PETROLEUM, INC.
FOR SALT WATER DISPOSAL, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on May 8, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 12th day of June, 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, V-F Petroleum, Inc., is the mineral lessee of the SE/4 of Section 8 and the SW/4 of Section 9, Township 15 South, Range 36 East, Lea County, New Mexico, under leases dated June 14, 1981.

(3) The applicant proposes to utilize the Mayme-Graham Well No. 1 located 660 feet from the South line and 1980 feet from the West line of Section 9, Township 15 South, Range 36 East, for the disposal of produced salt water, with injection into the Devonian formation at an interval from approximately 13,474 feet to 13,564 feet.

(4) Mr. John James Motsch, who claimed surface ownership of said leases, appeared in opposition to the applicant's proposal to utilize said well for salt water disposal.

(5) Mr. Motsch objected to the disposal of off-lease waters in said well without the execution of a right-of-way agreement between the applicant and himself.

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(6) The applicant plans to dispose of only waters produced from said leases into the subject well.

(7) The application should be granted.

(8) The injection should be accomplished through 2 3/8-inch plastic-lined tubing installed in a packer set at approximately 13,375 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 pop-off valve or acceptable substitute which will limit the wellhead pressure on the injection well to no more than 2,695 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 Devonian formation.

(11) The operator should notify the supervisor of the Hobbs 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, V-F Petroleum, Inc., is hereby authorized to utilize its Mayme-Graham Well No. 1, located 660 feet from the South line and 1980 feet from the West line of Section 9, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico, to dispose of produced salt water into the Devonian formation, injection to be accomplished through 2 3/8-inch tubing installed in a packer set at approximately 13,375 feet, with injection into the perforated interval from approximately 13,474 feet to 13,564 feet;

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Order No. R-7960

PROVIDED HOWEVER THAT, the tubing shall be plastic-lined; the casing-tubing annulus shall be filled with an inert fluid; and 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.

(2) The injection well or system shall be equipped with a pop-off valve or acceptable substitute which will limit the wellhead pressure on the injection well to no more than 2,695 psi.

(3) 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 Devonian formation.

(4) The injection of disposal water into said well shall be limited to water produced from applicant's leases in the SE/4 of Section 8 and the SW/4 of Section 9, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico.

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

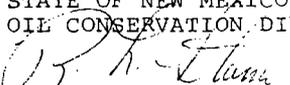
(6) The operator shall immediately notify the supervisor of the Division's Hobbs district office of the failure of the tubing, casing, or packer, in said well or the leakage of water from or around said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

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

(8) Jurisdiction of this cause is 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


R. L. STAMETS
Director

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