

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. 9574
ORDER NO. R-8884

APPLICATION OF MARSHALL PIPE AND
SUPPLY FOR DUAL COMPLETION AND
SALT WATER DISPOSAL, ROOSEVELT
COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 15, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 3rd day of March, 1989, 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, Marshall Pipe and Supply, seeks authority to dually complete its Cook Well No. 1 located at a previously approved unorthodox gas well location (Order No. R-8618) 330 feet from the North line and 1980 feet from the East line (Unit B) of Section 34, Township 2 South, Range 29 East, NMPM, Roosevelt County, New Mexico, in such a manner as to permit disposal of produced salt water into the Undesignated Tule-Montoya Gas Pool through tubing and production of gas from the Undesignated Tule-Pennsylvanian Gas Pool through the casing/tubing annulus.
- (3) At the time of the hearing a representative for several mineral interest owners in the well appeared and objected to this application on the grounds that the production capabilities from the Pennsylvanian zone are inadequate under the terms of the lease agreement to hold the lease and would therefore extinguish Marshall's rights as operator of the well.
- (4) The matter of the opposing mineral interests owners is beyond the scope and jurisdiction of this hearing, therefore, the Division should not consider their objections.

(5) Evidence presented indicates that the Montoya gas zone in this well is "watered-out" and is not economically feasible to produce.

(6) The evidence presented at the hearing indicates that a dual completion of this well in the above-described manner would allow for the production of gas from the Pennsylvanian zone, while, at the same time, provide an economical outlet for the disposal of produced water from nearby Tule-Montoya Gas Pool producing wells.

(7) Approval of this application would serve to prevent waste, protect correlative rights, is in the best interest of conservation and will prevent the drilling of unnecessary wells.

(8) Injection in the Montoya zone is to be through the perforated interval from approximately 7104 feet to 7116 feet and should be accomplished through 2 3/8-inch plastic-lined tubing installed in a packer set at approximately 7070 feet.

(9) The injection well or system should be equipped with a pressure-limiting switch or other acceptable device which will limit the wellhead pressure on the injection well to no more than 1421 psi.

(10) The well should be inspected at least weekly, in order to detect any failure of the downhole or surface injection equipment.

(11) 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 Montoya formation.

(12) 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.

(13) 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.

(14) A mechanical integrity test of this wellbore is unnecessary at this time since the dual completion of this well and the simultaneous injection/production operations will act as a continuing monitoring mechanism.

(15) If at sometime, however, it becomes necessary to discontinue gas production of the Pennsylvanian zone, such producing zone should be properly squeeze-cemented and a mechanical integrity test of the wellbore will be required before disposal operations can be resumed.

(16) The operator should immediately notify the supervisor of the Hobbs District Office of the Division of any planned or actual discontinuation of production operations.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Marshall Pipe and Supply, is hereby authorized to complete its Cook Well No. 1, located at a previously approved unorthodox gas well location (Order No. R-8618) 330 feet from the North line and 1980 feet from the East line (Unit B) of Section 34, Township 2 South, Range 29 East, NNPM, Roosevelt County, New Mexico, as a dual completion to dispose of produced salt water into the Undesignated Tule-Montoya Gas Pool through tubing and to produce gas from the Undesignated Tule-Pennsylvanian Gas Pool through the casing-tubing annulus.

PROVIDED HOWEVER THAT the applicant shall complete, operate and produce said well in accordance with the provisions of Rule 112-A of the Division General Rules and Regulations insofar as said rule is not inconsistent with this order.

PROVIDED FURTHER THAT the applicant shall annually provide the supervisor of the Division's Hobbs District Office with evidence demonstrating the continued separation of the Pennsylvanian producing zone from waters injected into or being injected into the Montoya formation.

(2) Injection in the Montoya zone shall be through the perforated interval from approximately 7104 feet to 7116 feet and shall be accomplished through 2 3/8-inch plastic-lined tubing installed in a packer set at approximately 7070 feet.

(3) The injection well or system shall be equipped with a pressure-limiting switch or other acceptable device which will limit the wellhead pressure on the injection well to no more than 1421 psi.

(4) The Director of the Division may authorize 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 Montoya formation.

(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.

Case No. 9574
Order No. R-8884
Page No. 4

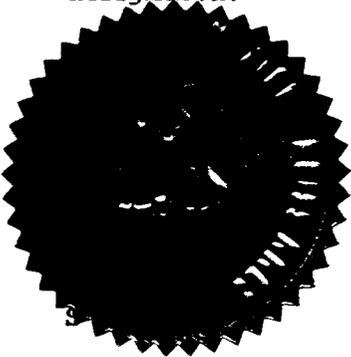
(7) The applicant shall conduct disposal operations and submit monthly reports in accordance with Rules 702, 703, 704, 705, 706, 708 and 1120 of the Division Rules and Regulations.

(8) At such time as production from the Pennsylvanian zone is discontinued, such producing zone shall be properly plugged off and a mechanical integrity test of the wellbore will be required before disposal operations can resume.

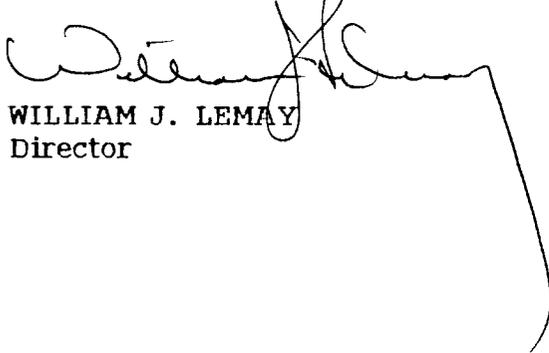
(9) Also, the operator shall immediately notify the supervisor of the Hobbs District Office of the Division of any plans or actual discontinuation of production operations.

(10) 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


WILLIAM J. LEMAY
Director