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. 8914
Order No. R-8259

APPLICATION OF CHASE ENERGY, INC. FOR
SALT WATER DISPOSAL, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 12, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 17th day of July, 1986, 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, Chase Energy, Inc., is the owner and operator of the DEB Well No. 18, located 510 feet from the South line and 420 feet from the East line (Unit P) of Section 36, Township 30 North, Range 17 West, NMPM, San Juan County, New Mexico.

(3) The applicant proposes to utilize said well to dispose of produced salt water into the Dakota formation, with injection into the open-hole interval from approximately 750 feet to 758 feet.

(4) At the time of the hearing, the applicant proposed using a fluid seal instead of a packer to isolate the annular space between the casing and tubing from the injected salt water.

(5) The applicant should be required to install a packer in the well in order that the well can be properly tested to assure the integrity of the casing and tubing.

(6) The injection should be accomplished through 2 3/8-inch plastic lined tubing installed in a packer set as close as possible to the bottom of the casing; 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.

(7) Prior to commencing injection operations, the casing in the subject well should be pressure-tested throughout the interval from the surface down to the required packer-setting depth, to assure the integrity of such casing.

(8) 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 150 psi.

(9) 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 Dakota formation.

(10) The operator should give advance notification to the supervisor of the Aztec district office of the Division of the date and time of the installation of diposal equipment and of the mechanical integrity pressure test in order that the same may be witnessed.

(11) 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.

(12) 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, Chase Energy, Inc., is hereby authorized to utilize its DEB Well No. 18, located 510 feet from the South line and 420 feet from the East Line (Unit P) of Section 36, Township 30 North, Range 17 West, NMPM, San Juan County, New Mexico, to dispose of produced salt water into the Dakota formation, injection to be accomplished through 2 3/8-inch tubing installed in a packer set as close to the bottom of the casing as possible with injection into the open-hole interval from approximately 750 feet to 758 feet;

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.

PROVIDED FURTHER THAT, prior to commencing injection operations, the casing in the subject well shall be pressure-tested to assure the integrity of such casing in a manner that is satisfactory to the supervisor of the Division's district office at Aztec.

(2) 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 150 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 Dakota formation.

(4) The operator shall notify the supervisor of the Aztec district office of the Division in advance of the date and time of the installation of disposal equipment and of the mechanical integrity pressure test in order that the same may be witnessed.

(5) The operator shall immediately notify the supervisor of the Division's Aztec 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.

(6) 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.

(7) 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