

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SOUTHWESTERN INC.
TO REOPEN CASE NO. 8761 AND
TO VACATE DIVISION ORDER
NO. R-8163

RECEIVED
OIL CONSERVATION DIVISION
Case No. 8858

APPLICATION

Southwestern Inc. hereby applies to the Division to reopen Case No. 8761 and for an order vacating Order No. R-8163, and in support thereof states:

1. Southwestern Inc. is the operator of the State VC Well No. 1, located 2050.7 feet from the South line and 589.3 feet from the West line of Section 36, Township 17 South, Range 35 East, N.M.P.M., Lea County, New Mexico. The State VC Well No. 1 has produced hydrocarbons from the Abo formation since 1961. The condition of the pipe on the State VC Well No. 1 is unknown.

2. On October 29, 1985, Chaveroo Operating Company ("Chaveroo") filed its application, designated Case No. 8761, for approval to convert the State G-36 Well No. 1 to a salt water disposal well. The location for said well given in the application was unit letter L, 1980 feet from the South line and 660 feet from the East line of said Section 36. However, the correct footage location of the well is 1980 feet from the South line and 660 feet from the West line of Section 36.

3. Relying on the footage location, Southwestern Inc. believed the proposed salt water disposal well was some three-fourths of a mile from its State VC Well No. 1, and did not enter an appearance or object at the hearing in Case No. 8761. The erroneous description was never corrected on the record, nor were

offset operators, including Southwestern Inc., notified of the error in the footage location in the application for the proposed salt water disposal well.

4. At the hearing on Case No. 8761, Chaveroo's witness testified that the State VC Well No. 1 was cemented through the injection interval.

5. On March 3, 1986, the Division entered its Order No. R-8163 approving Chaveroo's application, subject to certain requirements.

6. In March, 1986, Southwestern determined that Chaveroo's proposed salt water disposal well was located 660 feet from the West line of Section 36.

7. Upon examining its well file, Southwestern Inc. determined that the proposed salt water disposal well was authorized to inject into an interval in which the State VC Well No. 1 is uncemented. The Division was notified of this matter by a letter from Southwestern Inc. dated March 19, 1986 (attached as Exhibit A).

8. Subsequently, Chaveroo filed its application in Case No. 8876, requesting the Division to amend Order No. R-8163 by deleting the requirements imposed on Chaveroo in the order. Southwestern Inc. was duly notified of Case No. 8876.

9. Southwestern Inc. entered an appearance at the hearing on Case No. 8876, held April 16, 1986, and also requested that Case No. 8761 be reopened and that both cases be consolidated for hearing. This request was granted by the Hearing Examiner. No other parties entered an appearance of record in either case.

10. At the April 16, 1986 hearing, Southwestern Inc. presented evidence that its State VC Well No. 1 was uncemented in part of the proposed injection interval for the State G-36 Well No. 1.

11. Southwestern Inc. hereby requests that Case No. 8761 be reopened and that Order No. R-8163 be vacated, thereby revoking the permission of Chaveroo to inject salt water into the State G-36 Well No. 1. Southwestern Inc. further requests that Chaveroo not be permitted to inject salt water into the State G-36 Well No. 1 until this application is decided.

12. Reopening of Case No. 8761 will prevent waste and protect correlative rights by preventing the drowning by water of a formation capable of producing hydrocarbons.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

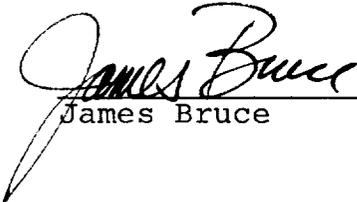
By  _____
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Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Southwestern Inc.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing application were mailed by certified mail on the 22nd day of April, 1986, to the following persons:

1. L. B. Goodheart, Division Mgr.
Rice Engineering Corp.
122 W. Taylor
Hobbs, NM 88240
2. Floyd Prando
State Land Office
Oil & Gas Division
P. O. Box 1148
Santa Fe, NM 87504
3. Mac Jones
Room 401
4001 Penbrook
Odessa, Texas 79762
4. Apollo Energy, Inc.
P. O. Box 5315
Hobbs, NM 88241
5. Mr. E. F. Motter
Cities Service Oil & Gas Co.
P. O. Box 1919
Midland, Texas 79702
6. Karen Aubrey
Attorney for Chaveroo Operating Co.
P. O. Box 2265
Santa Fe, NM 87504
7. Mr. William Graham
Chaveroo Operating Co., Inc.
4800 San Felipe
Suite 620
Houston, Texas 77056


James Bruce

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. 8761
Order No. R-8163

APPLICATION OF CHAVEROO OPERATING
COMPANY 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 November 21, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 3rd day of March, 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, Chaveroo Operating Company, seeks the authority to utilize the Apollo Energy, Inc. State G-36 Well No. 1, located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 36, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, to dispose of produced salt water into the Vacuum Grayburg-San Andres Pool, with injection into the perforated interval from approximately 4804 feet to 5212 feet.
- (3) The operator of said well 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 either by the proposed injection well or via surrounding injection, production, and/or plugged and abandoned wells.
- (4) The following described previously abandoned wells are located within one-half mile of said State G-36 Well No. 1 and may not be plugged in such a manner that will assure that

they will not serve as channels for disposed water to migrate from the injection interval to other formations or to the surface:

<u>WELL NAME AND NO.</u>	<u>FOOTAGE LOCATION</u>	<u>SECTION</u>
Phillips Petroleum Co. (Mac Jones) St. Well #2	990' FN & EL (Unit A)	35
Texas Petroleum Oil Co. State "AB" Well #1	1980' FNL-660' FWL (Unit E)	36

Both wells in Township 17 South, Range 36 East, NMPM, Lea County, New Mexico.

(5) The Cities Service Oil and Gas Corporation State "BJ" Well No. 1, located 2310 feet from the South line and 990 feet from the East line (Unit I) of said Section 35, is presently completed in the Vacuum-Abo Reef Pool and is located within one-half mile from the subject injection well.

(6) The evidence presented at the hearing and data on file with the Oil Conservation Division indicates that said State "BJ" Well No. 1 does not have adequate cement across, above, and below the proposed injection interval to assure that injected fluid will remain within said interval.

(7) No disposal of salt water should be permitted into the Vacuum Grayburg-San Andres Pool through said Apollo Energy Inc. State G-36 Well No. 1 until the operator has demonstrated that the wells described in Finding Paragraph No. (4) above have either been re-plugged or have been previously plugged and abandoned in such a manner as to ensure that they do not provide an avenue of escape for waters from the proposed injection zone and in accordance with a program that is satisfactory to the supervisor of the Division's district office at Hobbs; and the operator should also demonstrate that the Vacuum-Abo Reef producing well described in Finding Paragraph No. (5) above either has adequate cement across, above, and below the proposed injection interval or has been re-cemented through such interval all in accordance with a program to be approved by the supervisor of the Division's district office at Hobbs.

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

(9) The injection should be accomplished through 2 3/8-inch plastic lined tubing installed in a packer set at approximately 4780 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.

(10) At the request of the applicant the disposal well will be taking water on gravity injection and at no time should said well be injecting water under positive surface pressure.

(11) The operator should give advance notification to the supervisor of the Hobbs district office of the Division 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.

(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, Chaveroo Operating Company, is hereby authorized to utilize the Apollo Energy, Inc. State G-36 Well No. 1, located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 36, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, to dispose of produced salt water into the Vacuum Grayburg-San Andres Pool, injection to be accomplished through 2 3/8-inch tubing installed in a packer set at approximately 4780 feet, with injection into the perforated interval from approximately 4804 feet to 5212 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, injection into the proposed injection well shall not commence until the wells described in Finding Paragraph No. (4) of this Order have either been re-plugged or are shown to have been adequately plugged and abandoned in a manner that is satisfactory to the supervisor of

the Division's district office at Hobbs; nor until the Cities Service Oil and Gas Corporation State "BJ" Well No. 1 located 2310 feet from the South line and 990 feet from the East line (Unit 1) of Section 35, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, has either been shown to have adequate cement across, above, and below the proposed injection interval or has been re-cemented across, above, and below such injection interval in a manner that is satisfactory to the supervisor of the Division's district office at Hobbs.

(2) The injection well or system shall be limited to gravity injection only.

(3) The operator shall notify the supervisor of the Hobbs 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.

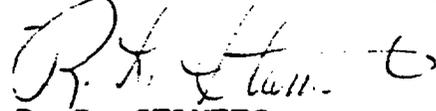
(4) The operator shall immediately notify the supervisor of the Division's Hobbs district office of the failure of the tubing, casing, or packer, in said well or the leakage of water from or around said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

(5) 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.

(6) 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

S E A L