



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

August 25, 1986

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P. O. Box 2523
Santa Fe, New Mexico

Re: CASE NO. 2034
ORDER NO. R-8278

Applicant:

Amstar Energy Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

B. L. Sumner

R. L. STAMETS
Director

RLS / fd

Copy of order also sent to:

Hobbs OCD _____ x
 Artesia OCD _____ x
 Aztec OCD _____

Other _____

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. 8934
Order No. R-8278

APPLICATION OF AMSTAR ENERGY CORPORATION
FOR SALT WATER DISPOSAL, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 9, 1986 and on August 6, 1986, at Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 21st day of August, 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, Amstar Energy Corporation, is the owner and operator of the Mid-American Petroleum, Inc. New Mexico State "A" Well No. 1, located 660 feet from the South line and 2080 feet from the East line (Unit O) of Section 35, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) The applicant proposes to utilize said well to commercially dispose of produced salt water into the Wolfcamp, Cisco, Canyon, Strawn, Atoka, Morrow, and Devonian formations, with injection into the perforated and open hole intervals from approximately 10,847 feet to 14,800 feet.

(4) The injection should be accomplished through 2 7/8-inch plastic lined tubing installed in a packer set at approximately 10,747 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.

(5) Prior to commencing injection operations, the casing in the subject 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.

(6) 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 2169 psi.

(7) After commencing injection operations into the well, the applicant should be required to run an injection tracer survey in order to determine which formations are receiving the injected fluid.

(8) 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 injection interval.

(9) The operator should give advanced notification to the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment, the mechanical integrity pressure test and the injection tracer survey in order that the same may be witnessed.

(10) 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.

(11) 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, Amstar Energy Corporation, is hereby authorized to utilize the Mid-American Petroleum, Inc. New Mexico State "A" Well No. 1, located 660 feet from the South line and 2080 feet from the East line (Unit O) of Section 35, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, to dispose of produced salt water into the Wolfcamp, Cisco, Canyon, Strawn, Atoka, Morrow and Devonian formations, injection to be accomplished through 2 7/8-inch tubing installed in a packer set at approximately 10,747 feet, with injection into the perforated and open hole intervals from approximately 10,847 feet to 14,800 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 Hobbs.

(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 2169 psi.

(3) After commencing injection operations into the well, the applicant shall run an injection tracer survey in order to determine which formations are receiving the injected fluid.

(4) The applicant shall furnish copies of said tracer survey to both the Santa Fe and Hobbs office of the Division.

(5) 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 disposed fluid from the injection formations.

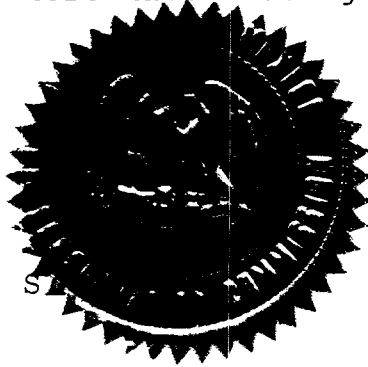
(6) The operator shall notify the supervisor of the Hobbs district office of the Division in advance of the date and time of the installation of disposal equipment, the mechanical integrity pressure test and the injection tracer survey in order that the same may be witnessed.

(7) 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.

(8) 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.

(9) 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

A handwritten signature in cursive script, appearing to read "R. L. Stamets", followed by a small flourish.

R. L. STAMETS,
Director