



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

July 25, 1986

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Roland E. Caudill

President

Verde Grande Inc.

P. O. Box 147

Lovington, New Mexico 88260

Re: CASE NO. 8935

ORDER NO. R-8264

Applicant:

~~Verde Grande Inc.~~

Dear Sir:

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

Sincerely,

B. L. Lamb

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. 8935
Order No. R-8264

APPLICATION OF VERDE GRANDE INC. 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, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 25th 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, Verde Grande Inc., is the owner and operator of the Aztec State Com Well No. 3, located 660 feet from the South and West lines (Unit M) of Section 18, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) The applicant proposes to utilize said well to dispose of produced salt water into the Wolfcamp formation, with injection into the perforated interval from approximately 10,230 feet to 10,726 feet.

(4) The injection should be accomplished through 2 7/8-inch plastic lined tubing installed in a packer set at approximately 10,050 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 2046 psi.

(7) 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 Wolfcamp formation.

(8) 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.

(9) 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.

(10) 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, Verde Grande Inc., is hereby authorized to utilize its Aztec State Com Well No. 3, located 660 feet from the South and West lines (Unit M) of Section 18, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, to dispose of produced salt water into the Wolfcamp formation, injection to be accomplished through 2 7/8-inch tubing installed in a packer set at approximately 10,050 feet, with injection into the perforated interval from approximately 10,230 feet to 10,726 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 2046 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 Wolfcamp formation.

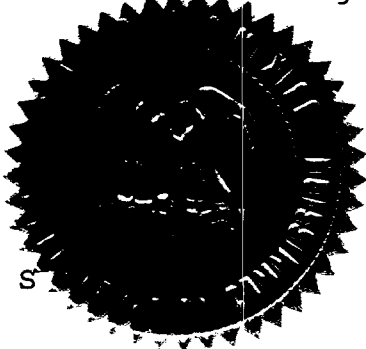
(4) The operator shall notify the supervisor of the Hobbs District Office of the Division in advance of the date and time of the installation of disposal equipment and of the mechanical integrity pressure test in order that the same may be witnessed.

(5) 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.

(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

A handwritten signature in dark ink, appearing to read "R. L. Stamets".

R. L. STAMETS,
Director