

**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. 13313
ORDER NO. R-12224**

**APPLICATION OF RB OPERATING COMPANY
FOR APPROVAL OF A SALT WATER DISPOSAL
WELL, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 19, 2004, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 25th day of October, 2004 the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given, and the Division has jurisdiction of this case and its **subject** matter.
- (2) The applicant, RB Operating Company ("Applicant"), seeks approval to utilize its **Candelario** Well No. 1 (**API No.** 30-015-26536), located 660 feet from the North and West lines (Unit D) of Section 24, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico, to dispose of produced water into the Cherry Canyon formation of the Delaware Mountain Group through perforations from 4,304 feet to 4,656 feet.
- (3) RB Operating Company initially filed this application for administrative review with the Division's Santa Fe office on June 16, 2004 (***administrative reference No. pSEM0-4169441400***) for this well using Division Form C-108 representing that it had sent appropriate notice to all parties within a one-half radius of this well that might be adversely affected by the application as required by Division Rule 701 (C) (3). No objection was timely filed by any of those parties.
- (4) However, as required for public notice by Division Rule 701, Applicant

caused its application to be published in the Carlsbad Current-Argus, a newspaper of general circulation in Eddy County, New Mexico, on June 1, 2004 that resulted in the Law Office of Martin & Lara, L.L.P. of Carlsbad, New Mexico filing a letter of objection with the Division on June 8, 2004 on behalf of: (i) Harry McDonald; (ii) Johnny Reed; and (iii) John Draper Brantley, Jr. a/k/a Draper Brantley, Jr., George Henry Brantley, general partners in Brantley Brothers, a New Mexico General Partnership, and Delaware Ranch, Inc., a New Mexico Corporation, owners of surface water rights.

(5) Due to the objection filed by Martin & Lara, L.L.P., RB Operating Company's application was set for hearing before a Division examiner.

(6) No affected or other interested party appeared at the hearing in opposition to this application.

(7) RB Operating Company appeared at the hearing with legal counsel and presented two witnesses and evidence demonstrating that:

(a) The Applicant drilled the above-described Candelario Well No. 1 in late 1990 to a total depth of 6,310 feet and subsequently completed the well in the East Loving-Brushy Canyon Pool (40350) through perforations from 6,150 feet to 6,162 feet.

(b) Applicant, a wholly owned subsidiary of Range Resources Corporation, proposes to: (i) abandon the Brushy Canyon perforations and plug-back into the Cherry Canyon interval; and (ii) set 2-7/8 inch J-55 internally plastic lined tubing in a packer at a depth of 4,200 feet.

(c) The Cherry Canyon interval is not productive of oil and gas within the ½-mile radius of the above-described Candelario Well No. 1 and injection into this interval will remain confined and that such injection into the Cherry Canyon interval can be accomplished without adversely affecting current or future oil and gas production operations.

(d) The Applicant has the right to use the above-described Candelario Well No. 1 for water disposal purposes and that it has obtained an agreement from the surface owner of the site of this well.

(8) The evidence presented further demonstrates that the above-described Candelario Well No. 1 is cased and cemented adequately to preclude the movement of fluid from the injection zone into other formations, including fresh water aquifers.

(9) Approval of this application will prevent the drilling of unnecessary wells

and will otherwise prevent waste, promote sound engineering practices, and serve to protect correlative rights.

(10) As an accommodation to the objecting parties, RB Operating Company has agreed that the following stipulation shall be made a part of the findings of this order:

The operator of this disposal well, upon the written request of Draper Brantely, Jr. or George Henry Brantley or Henry McDonald or Johnny Reed (or their heirs or assigns), shall obtain a water analysis for each of the following water sources, but not more frequently than once every two years and provide a copy to the Division and to each of the parties:

- (i) *SCB water well No. 1, located approximately 3500 feet from the East line and 1300 feet from the North line of Section 23, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico;*
- (ii) *SCB water well No. 2, located approximately 1320 feet from the East line and 720 feet from the North line of Section 23;*
- (iii) *SCB water well No. 3, located approximately 856 feet from the West line and 2600 feet from the North line of Section 23; and*
- (iv) *the Pecos River at a point approximately 700 feet East of the above-described Candelario Well No. 1.*

IT IS THEREFORE ORDERED THAT:

(1) The applicant, RB Operating Company, is hereby authorized to utilize its Candelario Well No. 1 (**API No. 30-015-26536**), located 660 feet from the North and West lines (Unit D) of Section 24, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico, to dispose of produced water into the Cherry Canyon formation of the Delaware Mountain Group through perforations from 4,304 feet to 4,656 feet.

(2) The operator shall take all steps necessary to ensure that the injected fluids enter only the proposed injection interval and are not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(3) Injection shall be accomplished through 2-7/8 inch internally plastic-lined tubing installed in a packer set at approximately 4,200 feet. The casing-tubing **annulus** shall be filled with an inert fluid and a gauge or approved leak-detection device shall be attached to the annulus in order to determine leakage in the casing, tubing, or packer.

(4) The injection well or **pressurization** system shall be equipped with a pressure control device or acceptable substitute that will limit the surface injection pressure to no more than 860 psi.

(5) The Division Director may administratively authorize a pressure limitation in excess of the above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(6) Prior to commencing injection operations and every five years thereafter, the casing shall be pressure tested throughout the interval from the surface down to the proposed packer setting depth to assure the integrity of such casing.

(7) The operator shall give advance notice to the Supervisor of the Division's **Artesia** District Office of the date and time disposal equipment will be installed and the mechanical integrity pressure test will be conducted on the above-described Candelario Well No. 1, so these operations **may be** witnessed.

(8) The operator shall immediately notify the Supervisor of the Division's Artesia District Office of the failure of the tubing, casing or packer in the disposal well or the leakage of water, oil or gas from or around any producing or plugged and abandoned well within the area, and shall take all steps as may be timely and necessary to correct such failure or leakage.

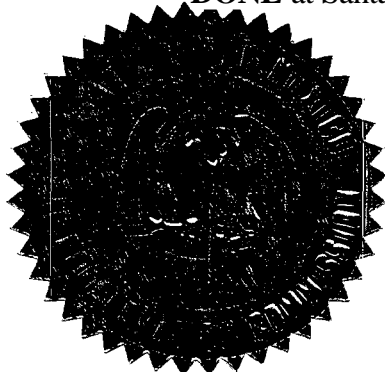
(9) The operator shall submit monthly reports of the disposal operations on the appropriate form in accordance with Division Rules No. 706 and 1120.

(10) The injection authority granted herein for the above-described Candelario Well No. 1 shall terminate one year after the date of this order if the operator has not commenced injection operations into the well; provided, however, the Division, upon written request by the operator, may grant an extension for good cause.

(11) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P. E.
Director