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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. 10307
Order No. R-9509

APPLICATION OF BIRD CREEK RESOURCES,
INC. FOR SALT WATER DISPOSAL, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 16, 1991, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 22nd day of May, 1991, 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, Bird Creek Resources, Inc., seeks authority to dispose of produced salt water into the East Loving-Delaware Pool in the perforated interval from approximately 4,000 feet to 4,450 feet in its proposed East Loving SWD Well No. 1 to be drilled 1157 feet from the North line and 491 feet from the East line (Unit A) of Section 15, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

(3) According to evidence presented by the applicant, injection into the Cherry Canyon member of the Delaware formation should have no detrimental effect on wells producing from the Brushy Canyon member of the Delaware formation within the subject pool.

(4) Although the Division received two objections to the application from various landowners prior to the hearing, none appeared at the hearing and presented evidence and testimony.

(5) No offset operator appeared and/or objected to the application.

(6) Injection should be accomplished through 2 7/8-inch fiberglass tubing installed in a packer located at approximately 3,950 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.

(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 proposed 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 surface pressure on the injection well to no more than 800 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 fluid from the Cherry Canyon member of the Delaware formation.

(10) The operator should notify the supervisor of the Artesia 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.

(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, Bird Creek Resources, Inc., is hereby authorized to drill and utilize its East Loving SWD Well No. 1 located 1157 feet from the North line and 491 feet from the East line (Unit A) of Section 15, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico, to dispose of produced salt water into the East Loving-Delaware Pool, injection to be accomplished through 2 7/8-inch fiberglass tubing installed in a packer set at approximately 3,950 feet, with injection into the perforated interval from approximately 4,000 feet to 4,450 feet.

PROVIDED HOWEVER THAT, the casing-tubing annulus shall be filled with an inert fluid and a pressure gauge or approved leak detection device shall be attached to the annulus 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 throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(2) The injection well or system shall be equipped with a pressure limiting switch or other acceptable device which will limit the surface pressure on the injection well to no more than 800 psi.

(3) The Director of the Division shall 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 fluid from the Cherry Canyon member of the Delaware formation.

(4) The operator shall notify the supervisor of the Artesia 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.

(5) The operator shall 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.

(6) The operator shall immediately notify the supervisor of the Division's Artesia 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.

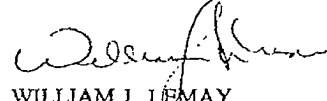
(7) The applicant shall conduct disposal operations and submit monthly reports in accordance with Rules 702 through 706, 708 and 1120 of the Division Rules and Regulations.

(8) 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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