

**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**OIL CONSERVATION DIVISION
2640 South Pacheco Street
Santa Fe, New Mexico 87505
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JUN 4 1998

20-039-22756

AMENDED ADMINISTRATIVE ORDER SWD-665

OIL CON. DIV.
DIST. 3**APPLICATION OF MALLON OIL COMPANY FOR SALT WATER DISPOSAL,
RIO ARRIBA COUNTY, NEW MEXICO.****ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

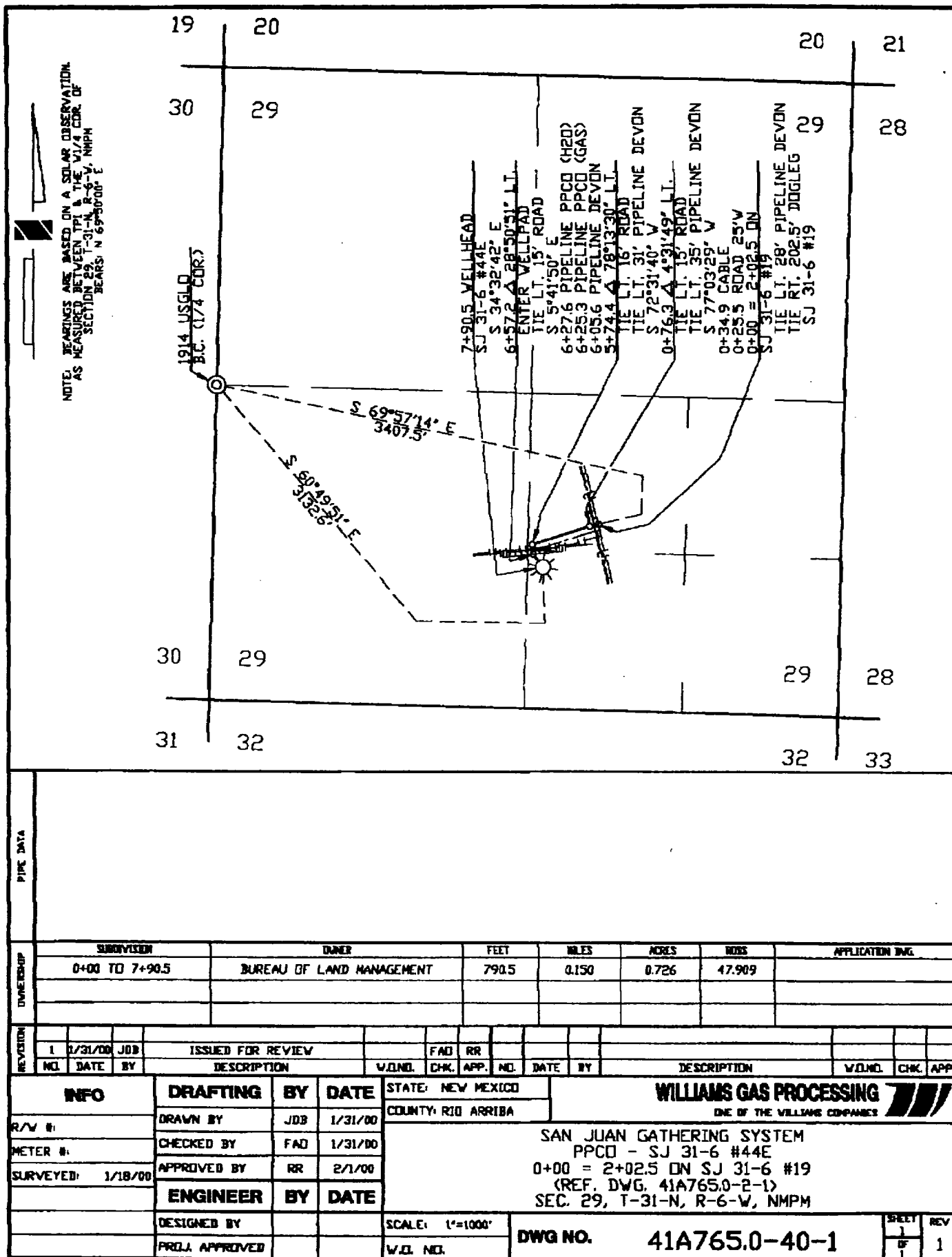
Under the provisions of Rule 701(B), Mallon Oil Company made application to the New Mexico Oil Conservation Division on February 25, 1998, for permission to amend the completion interval for salt water disposal in its Simms Well No. 1 located 1730 feet from the South line and 1820 feet from the East line (Unit J) of Section 13, Township 30 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, Mallon Oil Company, is hereby authorized to complete its Simms Fed. Well No. 1 located 1730 feet from the South line and 1820 feet from the East line (Unit J) of Section 13, Township 30 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, in such manner as to permit the injection of salt water for disposal purposes into the Morrison and Entrada formations at approximately 8,600 feet to 9,570 feet through 2 7/8-inch plastic-lined tubing set in a packer located at approximately 8,500 feet.



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IT IS FURTHER ORDERED THAT:

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.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1720 psi.

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 Morrison or Entrada formations. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator is hereby authorized to inject 100 MCF of .22% H₂S gas per day ^{2200 ppm} providing that a mechanical integrity pressure test is conducted annually, and safety guidelines are followed pursuant to Rule 118.

The operator shall notify the supervisor of the Aztec district office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity tests so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Aztec district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

SURFACE USE PLAN

Phillips Petroleum Company, San Juan 31-6 Unit #44E SWSE/4, Section 29, T31N, R6W, Rio Arriba County, New Mexico. (Federal Lease No. SF-078995).

This plan is to accompany Application for Permit to Drill the subject well which is located approximately 22 miles east of Blanco, NM Post Office. The following is a discussion of pertinent information concerning the possible effect which the proposed drilling well may have on the environment of the well and road sites and surrounding acreage. A copy will be posted on the derrick floor so that all contractors and sub-contractors will be aware of all items of this plan.

1. **Existing Roads:**

To reach the proposed location, travel east from Blanco on US 64 to mile post 102.5. Turn left on NM 527 and go 8 miles. Turn right on Rosa Road and go 7 miles to top of the hill. Turn left at the "Y". Follow Lake Loop Road east 3 ½ miles to "Y". Go right thru the BLM locked gate and go 2 miles to Devon CDP. The location is 400' east of CDP.

2. **Planned Access Roads:**

- A. The access road is shown on the attached map. All existing roads used to access the proposed location shall be maintained in the same or better condition than presently found. The access road is to be classified "Temporary Resource Road".
- B. Turnouts: None
- C. Culverts, Cuts and Fills: See cut and Fill Sketch.
- D. Surfacing Material: Natural materials at the well site.
- E. Gates, Cattleguards, Fences: As required
- F. Proposed Road: 500' of new access required.
- G. Drainage: Will be provided as needed.

3. **Location of Existing Wells:** SJ 31-6 #234R; L, 2310' FSL & 1248' FWL, Sec. 29, T31N, R6W
SJ 31-6 #41; L, 1840' FSL & 1050' FWL, Sec. 29, T31N, R6W
SJ 31-6 #19; A, 990' FNL & 990' FEL, Sec. 32, T31N, R6W
SJ 31-6 #46; A, 1065' FNL & 1180' FEL, Sec. 32, T31N, R6W
SJ 31-6 #222; H, 1348' FNL & 1099' FWL, Sec. 32, T31N, R6W

4. **Location of Tank Batteries, Production Facilities, Production Gathering and Service Lines:**

In the event of production, production facilities will be located on the drill pad. The actual placement of this equipment will be determined when the well's production characteristics can be evaluated after completion (including compression). The condensate tank will be enclosed by a dike. Upon completion of drilling, the location and surrounding area will be cleared of debris.

The flow-line from this well will have to be constructed. It will be 4-1/2" diameter buried steel gas pipeline that is 47.909 rods (790.5') in length, all of which is on BLM surface (see WFS pipeline survey). The pipe-wall thickness is 0.156" and the pipe-wall strength is X-42. The line is owned & operated by WFS. This pipeline will be used to transport gas to drill the well. We would like to use the APD/ROW process for this ROW.