



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

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OIL CON. DIV.
DIST. 3

ADMINISTRATIVE ORDER SWD-698

***APPLICATION OF ROBERT L. BAYLESS FOR SALT WATER DISPOSAL, SAN JUAN
COUNTY, NEW MEXICO.***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Rule 701(B), Robert L. Bayless made application to the New Mexico Oil Conservation Division on December 9, 1997, for permission to complete for salt water disposal its SWD Well No.3 (formerly the New Mexico Federal 'N' Well No.5E) located 940 feet from the South line and 1115 feet from the East line (Unit P) of Section 7, Township 30 North, Range 12 West, NMPM, San Juan 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) An objection will be satisfied with additional operational provisions contained herein.

IT IS THEREFORE ORDERED THAT:

The applicant herein, is hereby authorized to complete its SWD Well No.3 (formerly the New Mexico Federal 'N' Well No.5E) located 940 feet from the South line and 1115 feet from the East line (Unit P) of Section 7, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico, in such manner as to permit the injection of salt water for disposal purposes into the Point Lookout formation at approximately 4460 feet to 4478 feet through 2 3/8-inch plastic-lined tubing set in a packer located at approximately 4410 feet.

IT IS FURTHER ORDERED THAT:

Upon completion of operations to drill out the subject wellbore, the operator shall perform injectivity tests to determine that the proposed injection interval will accept injection at the anticipated rates and pressures. All testing shall be completed within 15 days of drilling out and otherwise preparing the wellbore for such tests. Testing may include a step-rate test but no method of testing shall subject the proposed formation to more than 6 hours of continuous injection. The operator shall notify the Aztec district office upon completion of preparation of the wellbore and of the date and time any tests are to be conducted.

Subsequent to a successful conclusion of such testing and prior to commencing injection operations into the subject well, the operator shall coordinate with Floyd Oil Company to perform cement squeeze operations on the New Mexico Federal 'N' Well No.3, located in Unit Letter 'A' of Section 18, so as to establish a top of cement on the 4 ½ inch production casing string at approximately 4000 feet. The operator shall notify the Aztec district office 24 hours prior to performing this operation.

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 892 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 Point Lookout formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

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 the mechanical integrity test 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.

Administrative Order SWD-698

Robert L. Bayless

April 14, 1998

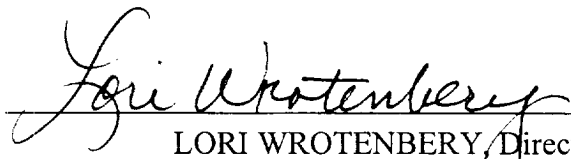
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PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to 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.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 14th day April, 1998.


LORI WROTENBERY, Director

LW/BES/kv

cc: Oil Conservation Division - Aztec /
Bureau of Land Management - Farmington