



New Mexico Energy, Minerals and Natural Resources Department

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Oil Conservation Division



Administrative Order SWD-913-A
July 10, 2008

APPLICATION OF ELM RIDGE EXPLORATION COMPANY, LLC FOR PRODUCED WATER DISPOSAL, SAN JUAN COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Elm Ridge Exploration Company, LLC (OGRID No. 149052) made application to the New Mexico Oil Conservation Division for permission to utilize for produced water disposal its Central Bisti SWD Well No. 161 (API No. 30-045-31606) located 1067 feet from the North line and 2286 feet from the East line of Section 16, Township 25 North, Range 12 West, NMPM, San Juan County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

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

IT IS THEREFORE ORDERED THAT:

Elm Ridge Exploration Company, LLC ("operator") is hereby authorized to utilize its Central Bisti SWD Well No. 161 (API No. 30-045-31606) located 1067 feet from the North line and 2286 feet from the East line of Section 16, Township 25 North, Range 12 West, NMPM, San Juan County, New Mexico, in such manner as to permit the injection of produced water for disposal purposes into the Entrada formation through perforations from approximately 6,790 feet to approximately 6,940 feet and through plastic-lined tubing (or as required by the Aztec district office) set in a packer located within 100 feet of the top of the injection interval.



This approval is subject to the operator being in compliance with all other applicable Division rules, including but not limited to Division Rule 40.

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.

After installing injection tubing, 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 or an approved *leak detection device* in order to determine leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a *pressure limiting device* in workable condition which shall, at all times, limit surface injection pressure to the maximum allowable pressure for this well. The wellhead injection pressure on the well shall be limited to **no more than 1358 psi**.

The Director of the Division may authorize an increase in the maximum injection pressure upon a proper showing by the operator that such higher pressure would not result in migration of the injected fluid from the injection formation. Such proper showing should be supported by a valid step rate test run in accordance with procedures acceptable to the Division.

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 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.

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, or without notice and hearing in event of an emergency subject to NMSA 1978 Section 70-2-23, terminate the injection authority granted herein.

The operator shall provide written notice of the date of commencement of injection and the initial reservoir pressure to the Aztec district office of the Division.

The operator shall submit monthly reports of the disposal operations on Division

Form C-115, in accordance with Division Rules 706 and 1120.

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 mailed prior to the expiration date, may grant an extension thereof for good cause shown.

This order does not relieve the operator of responsibility should its operations cause any actual damage or threat of damage to protectable fresh water, human health or the environment; nor does it relieve the operator of responsibility for complying with applicable Division rules or other state, federal, or local laws or regulations.



MARK E. FESMIRE, P.E.
Director

MEF/wvjj

cc: Oil Conservation Division – Aztec
Bureau of Land Management – Farmington
State Land Office – Oil, Gas, and Minerals Division