

**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. 13320
ORDER NO. R-12230**

**APPLICATION OF PLATINUM EXPLORATION, INC. FOR APPROVAL OF A
SALT WATER DISPOSAL WELL, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 2, 2004, at Santa Fe, New Mexico, before Examiner William V. Jones and again on October 7, 2004, before Examiner David R. Catanach.

NOW, on this 8th day of November, 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, Platinum Exploration, Inc. ("applicant"), seeks authority to utilize its Whitten Well No. 1 (API No. 30-025-27856) located 990 feet from the North line and 1,680 feet from the West line, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of Devonian produced water for disposal purposes into the Devonian formation from approximately 12,550 feet to 13,000 feet.

(3) This application was originally filed administratively with the Division on June 21, 2004 as saltwater disposal well application number PSEM0417351455. Evidence was provided that all offset operators and the surface owner were duly notified. The application was set to hearing after the Division received an objection from the surface owner, Dwain Woody and Dwain Woody Investments.

(4) The applicant appeared and provided testimony at the September 2, 2004, hearing. The case was heard and continued in order for the applicant to correct deficiencies in the C-108 application. On September 2, the opposing parties were represented by counsel and formally withdrew objection to the application. The applicant provided testimony that the proposed injection well will be used to dispose of Devonian water produced from an offsetting well, which will itself be operated by the applicant.

(5) The corrected C-108 was provided to the Division by counsel on the October 7, 2004 hearing date. At that time, the top of the intended injection interval was corrected to approximately 12,620 feet. In addition, the applicant testified that the top of the injection interval is intended to be below the oil-water contact as determined from open-hole electric logs to be run after the well is deepened to 13,000 feet.

(6) From Division records: This well was originally drilled in 1982 to a depth of 10,450 feet and then declared dry. The well was re-entered and deepened in 1987 to 12,560 feet, 5-1/2 inch casing was run to TD and cemented using a stage tool at 9,025 feet. The first stage circulated and the second stage had a cement top at 4,880 feet. The Devonian top was found at 12,532 feet. The Devonian was completed through a 10 feet openhole and initially tested at 75 BOPD, 554 BWPD, and zero gas. There is no record of Devonian production and the well was plugged and abandoned on January 28, 1988.

(7) Cement tops within the proposed injection well are adequate to isolate the Devonian injection interval from movement of injected water. Surface water sands are isolated via casing and cement from injection water contamination.

(8) The Area of Review around this proposed well contains three (3) other wells which once produced from the Devonian. Division records show that each of these wells are plugged and abandoned and that the plugs are adequate to isolate the Devonian.

(9) Approval of this application will protect the environment.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Platinum Exploration, Inc., is hereby authorized to utilize its Whitten Well No. 1 (API No. 30-025-27856) located 990 feet from the North line and 1,680 feet from the West line, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Devonian formation open hole interval from approximately 12,620 feet to 13,000 feet through plastic-lined tubing set in a packer located within 100 feet above

the top of the injection interval. The top of the injection interval shall be below the oil-water contact as determined from open-hole electric logs to be run after the well is deepened to 13,000 feet.

IT IS FURTHER ORDERED THAT:

(2) 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.

(3) The wellhead injection pressure on the well shall be limited to **no more than 2,524-psi**. In addition, 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.

(4) 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 migration of fluids out of the injection formation or the fracturing of the injection formation or confining strata.

(5) The operator shall notify in advance the supervisor of the Hobbs District Office of the Division of the date and time of changes in packer, tubing, mechanical integrity tests, or any other work to be performed on this well.

(6) The operator shall immediately notify the Supervisor of the Division's Hobbs 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 this well or 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.

(7) 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 using any conduit such as fractures or wells.

PROVIDED FURTHER THAT:

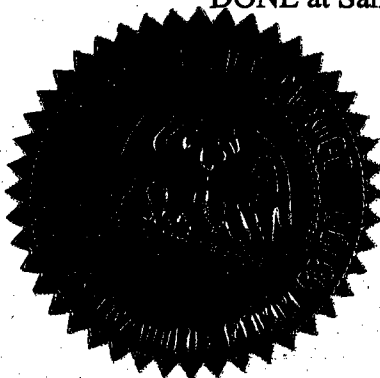
(8) In accordance with Rule No. 705.B, the operator shall provide written notice of the date of commencement of injection to the Hobbs District Office of the Division.

(9) In accordance with Rule No 705.C, 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 well, and will terminate *ipso facto*, one year after injection operations have ceased.

(10) In accordance with Rule Nos. 706 and 1120, the operator shall submit monthly reports of the disposal operations on Division Form C-115.

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

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

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

MARK E. FESMIRE, P.E.
Director