

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8524
Order No. R-7874

APPLICATION OF COASTAL OIL
& GAS CORPORATION FOR SALT
WATER DISPOSAL, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on March 13, 1935, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 12th day of April, 1985, 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, Coastal Oil & Gas Corporation, is the owner and operator of the Federal "20" Well No. 1, located 660 feet from the South line and 660 feet from the East line of Section 20, Township 13 South, Range 33 East, NMPM, Lea County, New Mexico.

(3) The applicant proposes to utilize said well to dispose of produced salt water into the Bough "C" formation, with injection into the perforated interval from approximately 9738 feet to 9800 feet.

(4) Mr. R. W. Gallini, Attorney at Law, appeared on behalf of the surface owner of said Section 20 protesting the disposal of off-lease waters into the Federal "20" Well No. 1.

(5) The nature of said protest did not bear on factors of waste of oil or gas, protection of correlative rights or protection of fresh waters, and should not be considered in this case.

(6) The injection should be accomplished through 2 7/8-inch plastic-lined tubing installed in a packer set at approximately 9650 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) The injection well or system should be equipped with a pressure limiting switch or other acceptable device which will limit the wellhead pressure on the injection well to no more than 1950 psi.

(8) 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 waters from the Bough "C" formation.

(9) The operator should notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment so that the same may be inspected.

(10) 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.

(11) Approval of the subject application will prevent the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights.

(12) Approval of this application is not a determination whether the applicant has the right to dispose of produced waters into the subject well from sources outside the Federal "20" Lease or whether the applicant may transport such waters across said lease without additional right-of-way consent from the surface owner.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Coastal Oil & Gas Corporation, is hereby authorized to utilize its Federal "20" Well No. 1,

located 660 feet from the South line and 660 feet from the East line of Section 20, Township 13 South, Range 33 East, NMPM, Lea County, New Mexico, to dispose of produced salt water into the Bough "C" formation, injection to be accomplished through 2 7/8-inch plastic-lined tubing installed in a packer set at approximately 9650 feet, with injection into the perforated interval from approximately 9738 feet to 9800 feet;

PROVIDED HOWEVER, that the casing-tubing annulus shall be filled with an inert fluid, and that a pressure gauge shall be attached to the annulus or the annulus shall be equipped with an approved leak detection device in order to determine leakage in the casing, tubing, or packer.

(2) The injection well or system shall be equipped with a pressure limiting switch or other acceptable device which will limit the wellhead pressure on the injection well to no more than 1950 psi.

(3) 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 Bough "C" formation.

(4) The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment so that the same may be inspected.

(5) The operator shall immediately notify the supervisor of the Division's Hobbs 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.

(6) The applicant shall conduct disposal operations and submit monthly reports in accordance with Rules 702, 703, 704, 705, 706, 708, and 1120 of the Division Rules and Regulations.

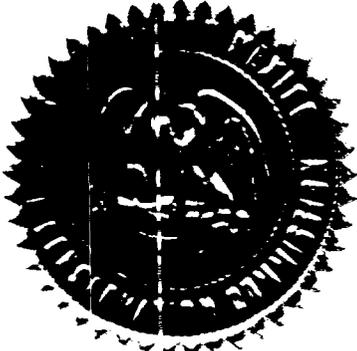
(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "R. L. Stamets", written over the typed name.

R. L. STAMETS
Director

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