



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

July 11, 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. W. Perry Pearce
Montgomery and Andrews
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico 87504

Re: CASE NO. 8613
ORDER NO. R-7973

Applicant:

~~Jubilee Energy Corporation~~

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

R. L. STAMETS
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD

Artesia OCD

Aztec OCD _____

Other _____

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. 8613
Order No. R-7973

APPLICATION OF JUBILEE ENERGY 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 June 5, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 10th day of July, 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, Jubilee Energy Corporation, is the owner and operator of the Exxon Federal Well No. 2, located 705 feet from the South line and 660 feet from the West line of Section 9, Township 26 South, Range 32 East, NMPM, North Mason-Delaware Pool, Lea County, New Mexico.

(3) The applicant proposes to utilize said well to dispose of produced salt water into the Delaware formation, with injection into the perforated interval from approximately 4482 feet to 4502 feet.

(4) Wells within a two mile radius of the proposed injector and producing from the same injection horizon will not be adversely affected by the planned disposal operations.

(5) All offset operators have either agreed to participate in the proposal well or have not objected to the same.

(6) The injection should be accomplished through

2 7/8 inch plastic lined tubing installed in a packer set at approximately 4400 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 895 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 Delaware 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.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Jubilee Energy Corporation, is hereby authorized to utilize its Exxon Federal Well No. 2, located 705 feet from the South line and 660 feet from the West line of Section 9, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico, to dispose of produced salt water into the Delaware formation, injection to be accomplished through 2 7/8 inch tubing installed in a packer set at approximately 4400 feet, with injection into the perforated interval from approximately 4482 feet to 4502 feet;

PROVIDED HOWEVER THAT, the tubing shall be plastic-lined; the casing-tubing annulus shall be filled with an inert fluid; and 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 895 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 Delaware formation.

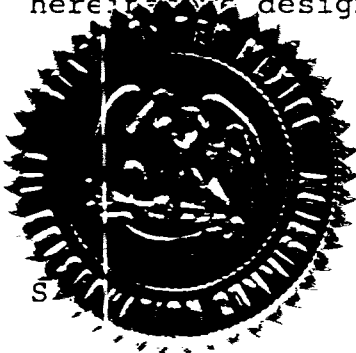
(4) The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment so that the same may be inspected.

(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.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. Stamets
R. L. STAMETS,
Director