

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. 8883
Order No. R-8271

APPLICATION OF YATES PETROLEUM
CORPORATION FOR SALT WATER DISPOSAL,
CHAVES COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 30, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 8th day of August, 1986, 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) The applicant, Yates Petroleum Corporation, is the owner and operator of the Sun "UW" Federal Lease (Federal Lease No. NM-31211) which comprises the E/2 of Section 10, NW/4 SW/4 of Section 11, and the W/2 NE/4 of Section 15, all in Township 8 South, Range 33 East, NMPM, Chaves County, New Mexico.

(2) The applicant seeks authority to utilize its Sun "UW" Federal Well No. 2, located 1650 feet from the North line and 330 feet from the East line (Unit H) of Section 10 in said township to dispose of produced salt water from said Sun "UW" Federal Lease into the San Andres formation, with injection into the perforated interval from approximately 4058 feet to 4308 feet.

(3) The proposed well is on surface deeded land and a representative of the Huston Ranch objected to this application on the following bases:

- (a) no agreement has been sought with the surface owner for the proposed injection;
- (b) freshwater wells in Section 11 and 15 are subject to contamination; and,

(c) the proposed well is plugged and abandoned.

(4) Said objection by the Huston Ranch representative was by letter only and no testimony was presented or offered at the time of the hearing.

(5) The evidence presented by the applicant at the hearing indicates that:

(a) the Sun "UW" Federal Well No. 2 is temporarily abandoned and still owned by the applicant; and,

(b) the recompletion method proposed by the applicant will protect the fresh water aquifers in the area.

(6) Utilization of the well for produced water disposal may be a matter covered under the terms of the applicable oil and gas lease or may require other agreement with the surface owner but in no event does such private contractual matter necessitate a delay in issuance of this order.

(7) At the time of the hearing Kerr-McGee Corporation of Oklahoma City, Oklahoma, an offsetting operator, entered an appearance and requested that the operator of the proposed disposal well be required to furnish them the daily volumes of disposed water on a monthly basis and with monthly production reports for all wells in the Sun "UW" Federal Lease.

(8) Applicant assented to Kerr-McGee's request and it is not necessary to include this requirement in the order.

(9) Approval to dispose of salt water produced only from the applicant's Sun "UW" Federal Lease as described in Finding No. (1) above into said Well No. 2 would be in the best interest of conservation.

(10) The injection should be accomplished through- 2 3/8-inch plastic-lined tubing installed in a packer set at approximately 4010 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.

(11) Prior to commencing injection operations, the casing in the subject well should be pressure-tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(12) 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 811 psi.

(13) 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 San Andres formation.

(14) The operator should give advance notification to the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity pressure test in order that the same may be witnessed.

(15) 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.

(16) 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, Yates Petroleum Corporation, is hereby authorized to utilize its Sun "UW" Federal Well No. 2, located 1650 feet from the North line and 330 feet from the East line (Unit H) of Section 10, Township 8 South, Range 33 East, NMPM, Chaves County, New Mexico, to dispose of produced water into the San Andres formation, injection to be accomplished through 2 3/8-inch tubing installed in a packer set at approximately 4010 feet, with injection into the perforated interval from approximately 4058 feet to 4308 feet;

PROVIDED HOWEVER THAT, only produced water from the applicant's Sun "UW" Federal Lease, as described in Finding No. (1) of this order, shall be disposed of into the subject wellbore;

PROVIDED FURTHER 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.

PROVIDED FURTHER THAT, prior to commencing injection operations, the casing in the subject well shall be pressure-tested to assure the integrity of such casing in a manner that is satisfactory to the supervisor of the Division's district office at Hobbs.

(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 811 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 San Andres formation.

(4) The operator shall notify the supervisor of the Hobbs district office of the Division in advance of the date and time of the installation of disposal equipment and of the mechanical integrity pressure test in order that the same may be witnessed.

(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