

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:

M.S. 9/17/86 (7:25 AM)
DLC-9-17-86
9-17
10/17/86 9-17

CASE NO. 8926

Order No. R-8307

APPLICATION OF SAGE ENERGY COMPANY
FOR SALT WATER DISPOSAL, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 25,
1986, at Santa Fe, New Mexico, before Examiner Michael E.
Stogner.

Stogner

NOW, on this _____ day of ~~June~~, 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) 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, Sage Energy Company is the owner and operator of the Lowe State ^{lease, comprising comprised of the well said} Well No. 1, ~~located 1980 feet from the South line and 660 feet from the West Line (Unit 1)~~ of Section 10, Township 15 South, Range 33 East, NMPM, Lea County, New Mexico.

(3) The applicant proposes to utilize ^{their Lowe State Well No. 1,} ~~said well to~~ ^{located 1980 feet from the South line and 660 feet from the West line (Unit 1)} ~~dispose of produced salt water, into the Saunders-Upper Permo~~ ^{of said Section 10 to} ~~dispose of produced salt water, into the Saunders-Upper Permo~~ ^{from said lease} Pennsylvanian Pool, with injection into the perforated interval from approximately 9565 feet to 9890 feet, ^{at a rate not to exceed} ~~40 barrels per day.~~ ^{40 barrels per day.}

(4) The injection should be accomplished through 2³/₈-inch plastic-lined tubing installed in a packer set at approximately 9500 feet; ~~that~~ the casing-tubing annulus should be filled with an inert fluid; and ~~that~~ ^a 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.

(5) 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.

(16) (20) At the request of the applicant the disposal well will be taking water on gravity injection and at no time should said well be injecting water under positive surface pressure.

(6) ~~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 1913 psi.~~

Is this needed? if no surface pressure will be used?

(7) 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 a higher pressure will not result in migration of the injected waters from the formation.

~~(8)~~ 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.

~~(9)~~ 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.

~~(10)~~ 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, Sage Energy Company, is hereby authorized to utilize its Lowe State Well No. 1, located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 10, Township 15 South, Range 33 East, NMPM, Lea County, New Mexico, *from their lease State lease at a rate not to exceed 40 barrels per day* to dispose of produced salt water into the Saunders-Upper Permo-☒ Pennsylvanian Pool, injection to be accomplished through 2 3/8 inch tubing installed in a packer set at approximately 9580 feet, with injection into the perforated interval from approximately 9565 feet to 9890 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.

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 1913 psi.

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0 (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 Saunders-Upper Permo/Pennsylvanian Pool.

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(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 hereinabove designated.

OIL CONSERVATION DIVISION

R. L. STAMETS,
Director

S E A L