

**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. 10968
Order No. R-10139**

**APPLICATION OF SIETE OIL AND GAS
COMPANY FOR SALT WATER DISPOSAL,
EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 26 and June 9, 1994, at Santa Fe, New Mexico, before Examiners David R. Catanach and Jim Morrow, respectively.

NOW, on this 22nd day of June, 1994, 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, Siete Oil and Gas Company, seeks authority to utilize its State "MA" Com Well No. 1 located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 3, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico, to dispose of produced salt water into the Bone Spring formation through the perforated interval from approximately 7,287 feet to 7,740 feet.

(3) Testimony indicates that the subject well is currently an uneconomic producing well in the Bone Spring formation.

(4) The subject well is located approximately 1/2 mile southwest of the Willow Lake-Bone Spring Pool.

(5) No offset operator and/or interest owner appeared at the hearing in opposition to the proposed injection interval.

(6) Injection should be accomplished through 2 7/8-inch plastic-lined tubing installed in a packer located at approximately 7,200 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) 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.

(8) The injection well or system should be equipped with a pressure limiting switch or other acceptable device which will limit the surface pressure on the injection well to no more than 1457 psi.

(9) 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 fluid from the Bone Spring formation.

(10) The operator should notify the supervisor of the Artesia district office of the Division of the date and time of the installation of disposal equipment and of the conductance of the mechanical integrity pressure test in order that the same may be witnessed.

(11) 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.

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

(13) Prior to commencing injection operations, the applicant should be required to furnish the Division a current water analysis of the Bone Spring formation water within the State "MA" Well No. 1. In addition, the applicant should be required to furnish the Division a compatibility analysis of Bone Spring and Delaware formation fluids.

(14) The injection authority granted herein should terminate one year after the effective date of this order if the applicant has not commenced injection operations into the subject well, provided however, the Division, upon written request by the applicant, may grant an extension thereof for good cause shown.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Siete Oil and Gas Company, is hereby authorized to utilize its State "MA" Com Well No. 1 located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 3, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico, to dispose of produced salt water into the Bone Spring formation through the perforated interval from approximately 7,287 feet to 7,740 feet.

(2) Injection shall be accomplished through 2 7/8-inch plastic-lined tubing installed in a packer set at approximately 7,200 feet; the casing-tubing annulus shall be filled with an inert fluid and a pressure gauge or approved leak detection device shall be attached to the annulus in order to determine leakage in the casing, tubing or packer.

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

(4) The injection well or system shall be equipped with a pressure limiting switch or other acceptable device which will limit the surface pressure on the injection well to no more than 1457 psi.

(5) The Director of the Division shall 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 fluid from the Bone Spring formation.

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

(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.

(8) The operator shall immediately notify the supervisor of the Division's Artesia 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.

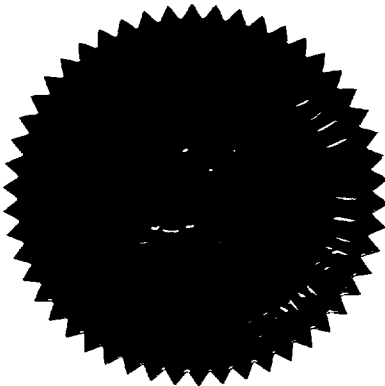
(9) The applicant shall conduct disposal operations and submit monthly reports in accordance with Rules 702 through 706, 708 and 1120 of the Division Rules and Regulations.

(10) Prior to commencing injection operations, the applicant shall furnish the Division a current water analysis of the Bone Spring formation water within the State "MA" Well No. 1. In addition, the applicant shall furnish the Division a compatibility analysis of Bone Spring and Delaware formation fluids.

(11) The injection authority granted herein shall terminate one year after the effective date of this order if the applicant has not commenced injection operations into the subject well, provided however, the Division, upon written request by the applicant, may grant an extension thereof for good cause shown.

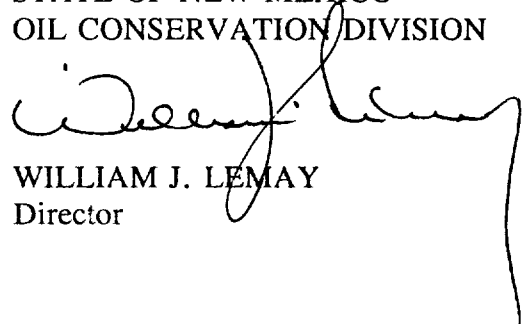
(12) Jurisdiction of this cause is hereby retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director