



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

FOR IMMEDIATE RELEASE

ADMINISTRATIVE ORDER SWD-790-0

APPLICATION OF PALADIN ENERGY CORP FOR SALT WATER DISPOSAL IN LEA COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), PALADIN ENERGY CORP made application to the New Mexico Oil Conservation Division on October 10, 2000, for permission to complete for salt water disposal its NEW MEXICO BB STATE NCT-1 Well No. 001 (API No. 30-025-00109-00-00) located 1989 feet from the S line and 1985 feet from the W line (Unit K) of Section 11, Township 12S, Range 32E, NMPM, Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant, PALADIN ENERGY CORP be and the same is hereby authorized to complete its NEW MEXICO BB STATE NCT-1 Well No. 001 (API No. 30-025-00109-00-00) located 1989 feet from the S line and 1985 feet from the W line (Unit K) of Section 11, Township 12S, Range 32E, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the Devonian formation from approximately 11132 feet to 11192 feet through 3.5 inch plastic-lined tubing set in a packer located at approximately 11032 feet.

IT IS FURTHER ORDERED THAT:

Oil Conservation Division * 2040 South Pacheco Street * Santa Fe, New Mexico 87505
Phone: (505) 827-7131 * Fax: (505) 827-8177 * <http://www.emnrd.state.nm.us>

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.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 2226 psi.

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 Devonian formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

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 and of the mechanical integrity tests so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

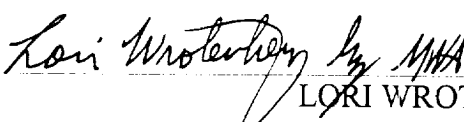
The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

DONE at Santa Fe, New Mexico, on this 25th day of October, 2000.

October 25, 2000

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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY,
Division Director

LW/MWA

cc: Oil Conservation Division - Hobbs
State Land Office - Oil & Gas Division