

- (c) there is no evidence that a radioactive tracer survey was conducted on this well one year after injection commenced, and annually thereafter, as required by Division Order No. SWD-693; and
- (d) Saga has filed a Division Form C-103 dated April 20, 2001, stating that pursuant to a procedure approved by the Division's Hobbs District Office, it will continue fishing operations on the well in order to remove the 2 7/8 inch tubing to a point 50 feet below the 7 5/8 inch intermediate casing shoe at a depth of 4,194 feet. This Form C-103 further states that subsequent to completion of fishing operations, Saga will consult with the Division's Hobbs District Office in order to obtain a plugging procedure for the well.

(23) The evidence demonstrates that the Crossroads Siluro Devonian Unit Well No. 306 will not be utilized as an injection well in the Crossroads Siluro Devonian Unit Waterflood Project.

(24) Data currently available for the Crossroads Siluro Devonian Unit Well No. 104 demonstrates that the well was shut-in on May 7, 1997, pending further evaluation due to parted tubing in the well.

(25) The current mechanical condition of the Crossroads Siluro Devonian Unit Well No. 104 is unknown.

(26) The evidence demonstrates that Saga is not in compliance with the provisions set forth by Division Orders No. SWD-662 and SWD-693.

(27) The applicant presented as evidence a Division Form C-108 for the Crossroads Siluro Devonian Unit Well No. 304. The evidence demonstrates that this well should be authorized for injection.

(28) 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 from injection, production, or plugged and abandoned wells.

(29) Injection into the Crossroads Siluro Devonian Unit Well No. 304 should be accomplished through 2 3/8 inch internally plastic-lined tubing installed in a packer at approximately 11,985 feet. The casing-tubing annulus should be filled with an inert fluid and a gauge or approved leak-detection device should be attached to the annulus in order to determine leakage in the casing, tubing, or packer.

(30) The Crossroads Siluro Devonian Unit Well No. 304 or pressurization system should be equipped with a pressure control device or acceptable substitute that will limit the surface injection pressure to no more than 2417 psi.

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

(32) The operator should give advanced notice to the supervisor of the Division's Hobbs District Office of the date and time (i) injection equipment will be installed and (ii) the mechanical integrity pressure test will be conducted on the proposed injection well, so these operations may be witnessed.

(33) The operator should immediately notify the supervisor of the Division's Hobbs District Office of the failure of the tubing, casing or packer in the injection well or the leakage of water, oil or gas from or around any producing or plugged and abandoned well within the project area, and should take all steps as may be timely and necessary to correct such failure or leakage.

(34) The proposed waterflood project should be approved and the project should be governed by Division Rules No. 701 through 708.

(35) The injection authority granted herein for the Crossroads Siluro Devonian Unit Well No. 304 should terminate one year after the date of this order if the operator has not commenced injection operations into the well; provided, however, the Division, upon written request by the operator, may grant an extension for good cause.

IT IS THEREFORE ORDERED THAT:

(1) Saga Petroleum, L.L.C. is hereby authorized to institute a waterflood project within its Crossroads Siluro Devonian Unit Area, described as follows, by the injection of water into the Crossroads Siluro-Devonian Pool, Lea County, New Mexico, in its Crossroads Siluro Devonian Unit Well No. 304 (API No. 30-025-03610) located 660 feet from the North and East lines (Unit A) of Section 27, Township 9 South, Range 36 East, NMPM: