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New Mexico Energy, Minerals and Natural Resources Department

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OCD-ARTESIA

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Administrative Order WFX-838
August 2, 2008

APPLICATION OF APOLLO ENERGY, L.P. TO EXPAND ITS WATERFLOOD PROJECT IN THE RUSSELL YATES POOL IN EDDY COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order R-12887, Apollo Energy, L.P. (OGRID No. 248192) has made application to the Division for permission to add nine additional injection wells to its Russell Yates Waterflood Project located within the Russell Yates Pool (Pool No. 52820) in Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

The application was filed in due form. No objections have been filed within the waiting period prescribed by Division Rule 701(C). The proposed well(s) are eligible for conversion to injection under the terms of Rule 701. The current operator is in compliance with Rule 40.

The proposed expansion of the above-referenced waterflood project will not cause waste nor impair correlative rights and should be approved.

IT IS THEREFORE ORDERED THAT:

The operator of the Russell Yates Waterflood Project is hereby authorized to inject water for purposes of secondary recovery into Yates formation sands within the unitized interval [700 feet to 900 feet] of the Russell Yates Waterflood Project in the following-described well(s). Each of these wells shall be equipped with plastic-lined tubing set in a packer located within 100 feet of the top of the actual injection interval. The maximum allowed surface injection pressure for each of these wells shall be 300 psi.



Russell USA Well No. 9 (API No. 30-015-02356) Injection Interval (Perforated): 817 to 837
1980' FNL, 1980' FEL, Unit G, Sec 13, T20S, R28E, NMPM

Russell USA Well No. 40 (API No. 30-015-02389) Injection Interval (Perforated): 824 to 844
1658' FSL, 2338' FEL, Unit J, Sec 13, T20S, R28E, NMPM

Russell USA Well No. 41 (API No. 30-015-02390) Injection Interval (Perforated): 795 to 876
1656' FNL, 2339' FWL, Unit F, Sec 13, T20S, R28E, NMPM

Russell USA Well No. 49 (API No. 30-015-06186) Injection Interval (Perforated): 850 to 873
660' FNL, 2000' FEL, Unit B, Sec 13, T20S, R28E, NMPM

Russell USA Well No. 50 (API No. 30-015-06187) Injection Interval (Perforated): 826 to 846
1305' FNL, 1980' FEL, Unit B, Sec 13, T20S, R28E, NMPM

Russell USA Well No. 58 (API No. 30-015-10240) Injection Interval (Open Hole): 858 to 880
660' FNL, 1310' FEL, Unit A, Sec 13, T20S, R28E, NMPM

Russell USA Well No. 70 (API No. 30-015-36103) Injection Interval (Perforated): 700 to 900
660' FNL, 2310' FWL, Unit C, Sec 13, T20S, R28E, NMPM

Russell USA Well No. 71 (API No. 30-015-36104) Injection Interval (Perforated): 700 to 900
1530' FNL, 1980' FWL, Unit F, Sec 13, T20S, R28E, NMPM

Russell USA Well No. 72 (API No. 30-015-36105) Injection Interval (Perforated): 700 to 900
2480' FSL, 1960' FEL, Unit J, Sec 13, T20S, R28E, NMPM

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the permitted injection interval and is not permitted to escape to other formations or onto the surface.

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

The casing-tubing annulus shall openly extend to within 100 feet of the top of the injection interval and 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(s) or system shall be equipped with pressure limiting devices which will limit the wellhead pressure to the maximum surface injection pressure described above.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator that such higher pressure will not result in waste of oil and gas or migration of the injected fluid from the permitted injection interval. Such proper showing shall be accompanied by valid step-rate test(s) run in accordance with and acceptable to this office.

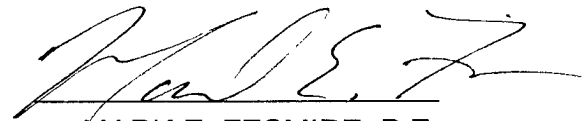
The operator shall notify the supervisor of the Division's district office of the date and time of the installation of injection equipment and of all mechanical integrity tests so that the same may be inspected and witnessed.

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

The subject well(s) shall be governed by all provisions of Division Order No. R-12887 and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

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 mailed prior to the one year deadline, may grant an extension thereof for good cause shown.



MARK E. FESMIRE, P.E.
Director

MEF/wvj

cc: Oil Conservation Division – Artesia
Bureau of Land Management – Carlsbad