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OIL CON. DIV.
DIST. 3

ADMINISTRATIVE ORDER NO. WFX-737

**APPLICATION OF CENTRAL RESOURCES, INC. TO EXPAND ITS WATERFLOOD
PROJECT IN THE BISTI LOWER-GALLUP POOL IN SAN JUAN COUNTY, NEW MEXICO**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-1414 and R-1636, as amended, Central Resources, Inc. has made application to the Division on April 13, 1998 for permission to expand its Central Bisti Unit Waterflood Project in the Bisti Lower-Gallup Pool in San Juan County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided that all offset operators have been duly notified of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection wells are eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced waterflood project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Central Resources, Inc., be and the same is hereby authorized to inject water into the Gallup formation at approximately 4772 feet to approximately 4907 feet through 2 3/8-inch plastic lined tubing set in a packer located within 100 feet of the uppermost injection perforations in the following described wells, for purposes of secondary recovery to wit:

Central Bisti Unit Well No.52

660' FSL & 1980' FEL

UL 'O', Section 31, Township 26 North, Range 12 West,
Injection Interval Approximately: 4829 feet to 4907 feet
Maximum Injection Pressure: 966 psig

Central Bisti Unit Well No.67

660' FNL & 660' FEL

UL 'A', Section 6, Township 25 North, Range 12 West,
Injection Interval Approximately: 4816 feet to 4890 feet
Maximum Injection Pressure: 963 psig

Central Bisti Unit Well No.73

790' FSL & 1650' FEL

UL 'O', Section 8, Township 25 North, Range 12 West,
Injection Interval Approximately: 4772 feet to 4856 feet
Maximum Injection Pressure: 954 psig

All wells NMPM, San Juan County, New Mexico.

IT IS FURTHER ORDERED THAT:

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 wells, 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 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 Gallup 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 Aztec district office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity tests so that the same may be inspected and witnessed.

Administrative Order WFX-737

Central Resources, Inc.

June 2, 1998

Page 3

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

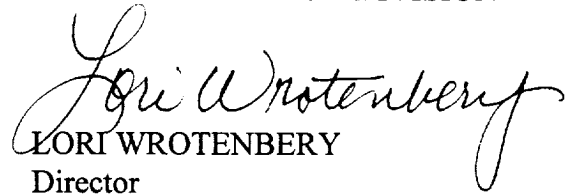
The subject wells shall be governed by all provisions of Division Order Nos. R-1414 and R-1636, as amended, and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 wells, 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 2nd day of June, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L

LW/BES/kv

cc: Oil Conservation Division - Aztec
Case File No.1665