



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER NO. WFX-764

***APPLICATION OF DEVON ENERGY CORPORATION TO EXPAND ITS WATERFLOOD
PROJECT IN THE GRAYBURG JACKSON SEVEN RIVERS-QUEEN-GRAYBURG-SAN
ANDRES POOL IN EDDY COUNTY, NEW MEXICO.***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-2268 as amended, Devon Energy Corporation has made application to the Division on September 25, 2000 for permission to expand its Keel-West Unit Waterflood Project in the Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy 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, Devon Energy Corporation, be and the same is hereby authorized to inject water into the Grayburg and San Andres formations at approximately 2914 feet to approximately 3630 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:

J.L. Keel "B" Well No. 2

API No. 30-015-05103

660 FSL & 660 FWL, Unit 'M', Section 8
Township 17 South, Range 31 East, NMPM
Injection Interval: 2,914 feet to 3,620 feet
Maximum Injection Pressure: (.6 psi/ft) 1748

J.L. Keel "B" Well No. 3

API No. 30-015-05104

660 FSL & 1980 FWL, Unit 'N', Section 8
Township 17 South, Range 31 East, NMPM
Injection Interval: 2,775 feet to 3,630 feet
Maximum Injection Pressure: (.6 psi/ft) 1665

Eddy County, New Mexico.

Due to the location of the top of cement behind the 5 ½ inch casing in the Hudson Federal Wells No. 13 and 14 located in Unit D, Section 17, Township 17 South, Range 31 East, NMPM, the injection interval in the J.L. Keel "B" Well No. 2 shall be limited to 2,914 feet to 3,620 feet.

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 injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection wells to no greater than .6 psi per foot of depth to the uppermost injection perforations.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said wells that such higher pressure will not result in migration of the injected fluid from the Grayburg and San Andres formations. 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 Artesia 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.

The operator shall immediately notify the supervisor of the Artesia 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.

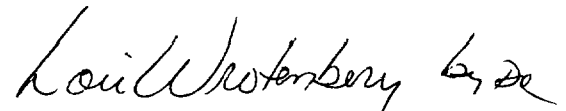
The subject wells shall be governed by all provisions of Division Order No. R-2268, as amended and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 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 10TH day of October, 2000.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

S E A L

cc: Oil Conservation Division - Artesia
Case File No.9929 (Order No. R-2268)