

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



Administrative Order WFX-918
January 3, 2014

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order R-2403 as amended, ConocoPhillips Company has made application to the Division for permission to add five (5) water injection wells to its Maljamar Cooperative Agreement (MCA) Unit Waterflood Project in the Maljamar; Grayburg San Andres Pool (Pool Code 43329) in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections remain outstanding. The proposed new wells are eligible for conversion to injection under the terms of that rule. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

The proposed expansion of the above-referenced waterflood project, will prevent waste, is in the best interests of conservation, will not impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED THAT:

ConocoPhillips Company (OGRID 217817), as operator, is hereby authorized to inject water into the Grayburg and San Andres formations through perforations for purposes of secondary recovery. The five wells with specific information proposed in the application are as follows:

API Number	Well Name	Unit	Sec	Twp	Rng	Footage N/S	Footage E/W	Injection Interval
30-025-41391	MCA Unit No. 451	G	26	17 S	32 E	1365 FNL	2180 FEL	4000 ft to 4300 ft
30-025-41392	MCA Unit No. 456	E	26	17 S	32 E	1780 FNL	280 FWL	3900 ft to 4200 ft
30-025-41395	MCA Unit No. 507	O	22	17 S	32 E	1225 FSL	2045 FEL	3800 ft to 4100 ft
30-025-41396	MCA Unit No. 510	I	22	17 S	32 E	2055 FSL	1310 FEL	3850 ft to 4100 ft
30-025-41399	MCA Unit No. 513	J	27	17 S	32 E	1510 FSL	2180 FEL	3950 ft to 4250 ft

Since the five wells are new completions, the approved maximum surface tubing injection pressure shall be **2150 psi** as established in Ordering Paragraph (24) of Division Order No. R-2403-B. The operator shall inject through internally-coated, 2 3/8-inch tubing with the injection packer in individual wells no more than 100 feet above the shallowest perforation for the permitted injection interval.

IT IS FURTHER ORDERED THAT:

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

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing injection and prior to resuming injection each time any injection packer is unseated. All MIT procedures and schedules shall follow the requirements in Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on this well shall be limited as listed above. In addition, the injection well or header system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressures to the maximum allowable pressures for this well.

Subject to the limitations within the hearing order permitting this project, the Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluids from the approved injection interval. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District I Office of the date and time of the installation of injection equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of injection to the District I Office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the District I Office of any failure of the tubing, casing or packer in the approved injection well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

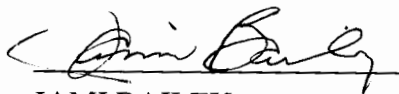
The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

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 or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein. The subject wells shall be governed by all provisions of Division Order No. R-2403 as amended.

The injection authority granted herein shall terminate two (2) years after the effective date of this order if the operator has not commenced injection operations into at least one of the subject wells, provided however, the Division, upon written request by the operator received prior to the two-year deadline, may grant an extension thereof for good cause shown.


JAMI BAILEY
Director

JB/prg

cc: New Mexico Oil Conservation Division - Hobbs
United States Bureau of Land Management – Carlsbad
Case File 14421