

HOLLAND & HART ^{LLP}



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January 5, 2010

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14421

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Re: Application of ConocoPhillips Company for amendment of Division Order No. R-2403, as amended, to increase the authorized injection pressure in its MCA Unit Area, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of ConocoPhillips Company, in the above-referenced case as well as a copy of a legal advertisement. ConocoPhillips requests that this matter be set for hearing before a Division Examiner on February 4, 2010.

Very truly yours,

William F. Carr

Enclosures

cc: Ms Jalyn N. Fiske (w/enclosures)
ConocoPhillips Company

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STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF CONOCOPHILLIPS COMPANY FOR
AMENDMENT OF DIVISION ORDER NO. R-2403, AS AMENDED, TO INCREASE
THE AUTHORIZED INJECTION PRESSURE IN ITS MCA UNIT AREA, LEA
COUNTY, NEW MEXICO.

CASE NO. 14421

APPLICATION

ConocoPhillips Company ("ConocoPhillips") (OGRID No. 217817) through its attorneys, Holland & Hart LLP makes application for an order amending Oil Conservation Division Order No. R-2403, as amended, to increase the pressure limitations established by that order in the Grayburg-San Andres formation, Maljamar Grayburg-San Andres Pool (43329), in its Maljamar Cooperative Agreement Unit Area, and in support of its application states:

1. Pursuant to the Maljamar Cooperative Repressuring Agreement, approved by Oil Conservation Commission Order No. 485, dated November 14, 1942, pressure maintenance operations through cooperative gas injection by various operators began in the Maljamar Cooperative Area in 1942.

2. The original gas injection area was expanded and pilot waterflood project operations were initiated over a twenty year period pursuant to various Oil Conservation Division orders.

3. On September 24, 1962, the Maljamar Cooperative Agreement project area was unitized for waterflood operations and Continental Oil Company was named unit operator. See Order No. R-6157-A.

4. By Order No. R-2403, dated December 31, 1962, the Division granted the application of Continental Oil Company for, among other things, (a) approval of a Supplemental Cooperative Agreement ("Supplement 5") unitizing by agreement certain leases and (2) adoption of a Plan of Operations for expansion of the pressure maintenance program by gas and water injection in the Cooperative Area.

5. The Maljamar Cooperative Agreement Area ("MCA Unit") heretofore approved by the Oil Conservation Commission for pressure maintenance of the Grayburg-San Andres formations includes the following acreage in Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.

Sections 14 to 23: All

Sections 25 to 35: All

TOWNSHIP 17 SOUTH, RANGE 33 EAST, N.M.P.M.

Section 30: W/2

6. The Maljamar Cooperative Agreement Unit Operator, from time to time, has enlarged the Grayburg-San Andres formation Participating Area in the MCA Unit and received authorization to expand this waterflood project by adding injection wells as provided in Supplement 5 and on receipt of Division approval as required by Order No. R-2403.

7. When the project area has been enlarged and additional injection wells added to the project area, ConocoPhillips has also requested an injection pressure for these wells of 2150 psi. However, the approved injection pressures for these wells has been limited to maximum surface injection pressures of approximately 775 psi.

8. The administrative orders further provide that increases in injection pressures may be authorized by the Division Director only "upon a proper showing by the operator that higher pressure will not result in migration of the injected fluid from the permitted injection interval or harmful formation fracturing." Accordingly, for each new injection well in this project, ConocoPhillips is required to obtain an Administrative Order approving an increase in injection pressure and support its application with individual well step rate tests and possibly injection profiles or pressure transient testing conducted in accordance with procedures approved by the Division.

9. Data from previous tests on injection wells in this Unit Area show that surface injection pressures would have to exceed 2300 psi (or a corresponding bottomhole pressure of 3850 psi) to initiate fractures in the confining strata.

10. An injection pressure of 2150 psi would be consistent with the injection pressure approved for other wells in this Grayburg-San Andres waterflood project.

11. Furthermore, carbon dioxide injection operations were authorized in the Grayburg-San Andres formation in a pilot area within the MCA Unit Area by Order No. R-6157 dated October 30, 1979. Injection pressures in this pilot area of 2150 psi were authorized by this Order. Order No. R-6157, Order Paragraph 3.

12. ConocoPhillips, therefore, requests that Division Order No. R-2403 be amended to include the following provisions:

“That injection wells, or the injection system, shall be equipped with a pressure regulator or other acceptable device which will limit wellhead pressure on the injection wells to no more than 2150 psi.”

13. Approval of this application and the amendment of Division Order No. R- 2403 to authorize a surface injection pressure of 2150 psi for all injection wells in the Maljamar Cooperative Agreement Unit Area, will avoid unnecessary applications and Division administrative orders, will result in more efficient operations of the MCA Unit, and will otherwise be in the best interest of the conservation, the protection of correlative rights and the prevention of waste.

WHEREFORE, ConocoPhillips Company requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on February 4, 2010 and after notice and hearing as required by law, the Division enters its Order granting this application.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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ATTORNEYS FOR CONOCOPHILLIPS
COMPANY

CASE 14421

Application of ConocoPhillips Company for amendment of Division Order No. R-2403, as amended, to increase the authorized injection pressure in its MCA Unit Area, Lea County, New Mexico. The Maljamar Cooperative Agreement Unit encompasses portions of Sections 14 to 23 and 25 to 35 of Township 17 South, Range 32 East and portions of Section 30 of Township 17 South, Range 33 East, N.M.P.M. Applicant seeks to increase the approved surface injection pressure for water injection in this project area to 2150 psi. Said unit is located approximately 3 miles South of Maljamar, New Mexico.