

State of New Mexico
Energy, Minerals and Natural Resources Department

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David Catanach, Division Director
Oil Conservation Division



Administrative Order WFX-943
July 23, 2015

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order R-13262, CHI Operating, Inc. (OGRID 4378) has made application to the Division for permission to expand its Benson Delaware Secondary Recovery Project located within the Benson; Delaware Pool (97083) in Eddy County, New Mexico with the addition of two (2) injection wells within the Unitized interval.

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 well(s) are eligible for conversion to injection under the terms of that rule. The applicant has presented satisfactory evidence that all requirements prescribed in 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 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:

CHI Operating, Inc., as operator, is hereby authorized to inject water into the following two (2) wells for the purpose of secondary recovery (waterflooding) through plastic or fiberglass lined tubing set into a packer located no more than 100 feet above the current injection interval:

API No.	Well	Location	Permitted Interval Feet	Maximum Surface Pressure PSI	Existing Permit(s)
30-015-34816	Benson Delaware Unit Well No. 8	E-12-19S-30E	4830 – 5081	860	None
30-015-37333	Benson Delaware Unit Well No. 14	D-12-19S-30E	4570 – 5075	860	None

All future changes to the top or bottom of the above listed injection intervals shall be approved on sundry forms, but only after verification by the Division's district geologist that

injection remains within the equivalent Unitized interval as defined in Division Order R-13262-A.

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 in each well 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 in each well shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well or wells 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 Division 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 or wells.

The wellhead injection pressure on this well or wells shall be limited as listed above. In addition, each 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 that 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 Office of the date and time of the installation of injection equipment and of any MIT test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of injection to the Division's District Office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's district office of any failure of the tubing, casing or packer in the approved injection well(s), 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.

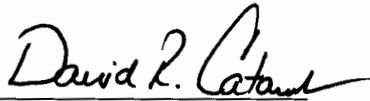
The injection authority granted under this order is not transferable except upon Division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection permit after notice and hearing if the operator is in violation of Rule 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.

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 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.



DAVID R. CATANACH
Director

DRC/wvjj

cc: Oil Conservation Division – Artesia
Case No. 14354