

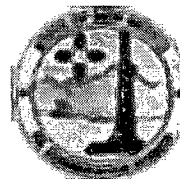
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
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David Martin
Cabinet Secretary

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Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order WFX-937
October 8, 2014

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order R-1710, ConocoPhillips Company (OGRID No. 217817) has made application to the Division for permission to add four additional injection wells to its Southeast Monument Unit (SEMU) Waterflood Project in the Skaggs; Grayburg Pool (Pool code 57380) in Lea County, New Mexico. These wells are new completions to be converted to injection wells into the Grayburg formation of the SEMU.

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 is 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, as operator, is hereby authorized to inject water into the following well for the purpose of secondary recovery through plastic-lined tubing set into a packer:

JUN 11 2015

API No.	Well	Loc*	Unit/ Lot	Sec	Twp	Rng	Footage N/S	Footage E/W	Injection Interval	Maximum Surface Pressure
30-025-42015	SEMU No. 243	SHL	O	19	20 S	38 E	150 FSL	2341 FEL	3767 ft to 3997 ft	753 psi
30-025-42018	SEMU No. 246	SHL	J	19	20 S	38 E	1330 FSL	1464 FEL	3777 ft to 4006 ft	755 psi
30-025-42019	SEMU No. 247	SHL	H	24	20 S	37 E	2139 FNL	265 FEL	3585 ft to 3813 ft	716 psi
		BHL	3	19	20 S	38 E	2495 FSL	94 FWL		
30-025-42021	SEMU No. 250	SHL	F	19	20 S	38 E	1371 FNL	1786 FWL	3764 ft to 3989 ft	753 psi
		BHL	1	19	20 S	38 E	1300 FNL	1233 FWL		

*SHL: surface hole location; BHL: bottom hole location

The approved maximum surface tubing injection pressure shall be **0.2 psig per foot of depth to the uppermost perforation in the injection wells, as listed above.** The operator is approved to set multiple injection packers in any well so as to more effectively isolate injection intervals, provided that the top packer shall be no more than 100 feet above the top of the permitted injection interval or above the top of the Unitized formation (the Grayburg formation), whichever is less.

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.

The operator shall install a cast-iron bridge plug (or equivalent) so that the maximum measured depth between the lowermost perforations and total depth does not exceed 200 feet.

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.

These 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 testing 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 these wells 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 these wells.

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 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 District II 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.

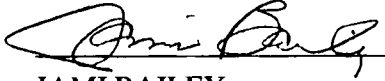
The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

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

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-1710 and associated administrative orders.

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/mam

cc: New Mexico Oil Conservation Division – Hobbs Office
Bureau of Land Management – Carlsbad
Case File 1990