

Entered November 6, 1980

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7048
Order No. R-6504

APPLICATION OF PUBLIC LANDS
EXPLORATION, INC. FOR A PILOT
STEAM ENHANCED OIL RECOVERY
PROJECT, GUADALUPE COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 15, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 6th day of November, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Public Lands Exploration, Inc. seeks authority to institute a pilot steam enhanced oil recovery project on its State Lease, Undesignated Santa Rosa Pool, by the injection of approximately 155 barrels of water as steam into the "O'Connell Sand" zone of the Santa Rosa formation through its State Well No. 11 located approximately 519 feet from the North line and 672 feet from the East line in Unit A of Section 15, Township 11 North, Range 25 East, NMPM, Guadalupe County, New Mexico.

(3) That the wells in the project area are incapable of commercial production due to the low viscosity of the oil found in the pay sand and the lack of any significant natural drive mechanism.

(4) That the proposed enhanced recovery project may result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the operator should take all steps necessary to ensure that the injected fluid enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(6) That the applicant shall take such steps as may be necessary to ensure that the operation of the steam injection project does not contaminate surface or subsurface waters or damage nearby properties.

(7) That the injection wells or injection pressurization system should be so equipped as to limit injection pressure at the wellhead to no more than 320 psi, but the Division Director should have authority to increase said pressure limitation, should circumstances warrant.

(8) That the applicant proposes to drill and complete two new wells (Nos. 10 and 12) as producers, recompleat two existing wells (Nos. 13 and 14) as producers, and to operate one observation well (No. 1), all located, respectively, within the NE/4 NE/4 of said Section 15 as follows:

<u>State Lease Well No.</u>	<u>Location</u>
10	353 feet from the North line and 672 feet from the East line
12	519 feet from the North line and 832 feet from the East line
13	519 feet from the North line and 506 feet from the East line
14	679 feet from the North line and 672 feet from the East line
1	540 feet from the North line and 560 feet from the East line

(9) That the applicant should submit monthly reports of injection volumes, pressures, temperatures and production in a form acceptable to the Division.

(10) That the subject application should be approved and the project should be governed by the provisions of this order and of Rules 701, 702, and 703 of the Division Rules and Regulations.

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IT IS THEREFORE ORDERED:

(1) That the applicant, Public Lands Exploration, Inc., is hereby authorized to institute a pilot steam enhanced recovery project on its State Lease, Undesignated Santa Rosa Pool, by the injection of water into the "O'Connell Sand" zone of the Santa Rosa formation through its State Well No. 11 located approximately 519 feet from the North line and 672 feet from the East line of Section 15, Township 11 North, Range 25 East, NMPM, Guadalupe County, New Mexico.

(2) That injection into said well shall be through internally coated tubing, set in a packer at approximately 380 feet; that the casing-tubing annulus of each injection well shall, at the option of the applicant, be loaded with an inert fluid and shall be equipped with an approved pressure gauge or attention-attracting leak detection device.

(3) That the operator shall immediately notify the supervisor of the Division's Santa Fe District 4 office of the failure of the tubing or packer in the injection well, the leakage of water or oil from or around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(4) That the injection well herein authorized and/or the injection pressurization system shall be so equipped as to limit injection pressure at the wellhead to no more than 320 psi, provided however, the Division Director may authorize a higher surface injection pressure upon satisfactory showing that such pressure will not result in fracturing of the confining strata.

(5) That the applicant is further authorized to drill and complete two new wells as producers, recomplate two existing wells as producers, and to operate one observation well, all located, respectively, within the NE/4 NE/4 of said Section 15 as follows:

<u>State Lease Well No.</u>	<u>Location</u>
10	353 feet from the North line and 672 feet from the East line
12	519 feet from the North line and 832 feet from the East line
13	519 feet from the North line and 506 feet from the East line

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<u>State Lease Well No.</u>	<u>Location</u>
14	679 feet from the North line and 672 feet from the East line
1	540 feet from the North line and 560 feet from the East line

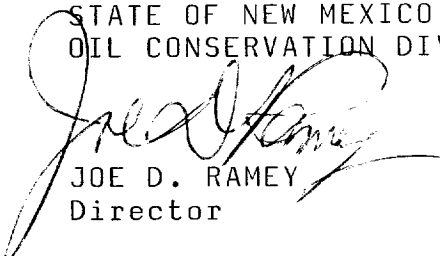
(6) That the subject project is hereby designated the Public Lands Exploration, Inc. Santa Rosa Enhanced Recovery Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Division Rules and Regulations.

(7) That the applicant shall operate said project in such a manner as to ensure against contamination of surface or sub-surface waters or damage to nearby properties.

(8) That monthly progress reports of the project herein authorized shall be submitted to the Division in a form acceptable to the Division.

(9) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
Director

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