

Entered December 17, 1980
JAK

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. 7039
Order No. R-6538

APPLICATION OF RED MOUNTAIN &
ASSOCIATES FOR A WATERFLOOD
PROJECT, MCKINLEY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 1, 1980,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of December, 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, Red Mountain & Associates, seeks
authority to institute a waterflood project in the Chaco Wash-
Mesaverde Oil Pool by the injection of water into the Chaco Wash
Sand of the Mesaverde formation through seven injection wells at
various orthodox and unorthodox locations in Section 28, Township
20 North, Range 9 West, NMPM, McKinley County, New Mexico, as
follows:

<u>Lease</u> <u>Name</u>	<u>Well</u> <u>No.</u>	<u>Well</u> <u>Location</u>
State	5	660 feet from north line, 660 feet from east line
State	6	330 feet from north line, 990 feet from east line
State	8	660 feet from north line, 1315 feet from east line
State	9	330 feet from north line, 1650 feet from east line
State	14	1315 feet from north line, 660 feet from east line
State	16	990 feet from north line, 330 feet from east line
State	18	330 feet from north line, 330 feet from east line

-2-

Case No. 7039

Order No. R-6538

(3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(4) That the proposed waterflood project should 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 water 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 injection wells or injection pressurization system should be so equipped as to limit injection pressure at the wellhead to no more than 68 psi, but the Division Director should have authority to increase said pressure limitation, should circumstances warrant.

(7) That an administrative procedure should be adopted whereby the operator may obtain approval for producing wells and injection wells at orthodox and unorthodox locations in addition to or in lieu of the wells herein approved.

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

(9) That the locations of those wells described in Finding No. (2) above which are unorthodox, as well as the locations of the following proposed producing wells in Section 28, Township 20 North, Range 9 West, NMPM, should be approved:

<u>Lease Name</u>	<u>Well No.</u>	<u>Well Location</u>
State	10	5 feet from north line, 1315 feet from east line
State	13	1315 feet from north line, 990 feet from east line
State	15	1315 feet from north line, 330 feet from east line
State	20	990 feet from north line, 1315 feet from east line

IT IS THEREFORE ORDERED:

(1) That the applicant, Red Mountain & Associates, is hereby authorized to institute a waterflood project in the Chaco Wash-Mesaverde Oil Pool, by the injection of water into the Chaco Wash Sand of the Mesaverde formation through the following-

-3-

Case No. 7039

Order No. R-6538

described wells in Section 28, Township 20 North, Range 9 West, NMPM, McKinley County, New Mexico:

<u>Lease Name</u>	<u>Well No.</u>	<u>Well Location</u>
State	5	660 feet from north line, 660 feet from east line
State	6	330 feet from north line, 990 feet from east line
State	8	660 feet from north line, 1315 feet from east line
State	9	330 feet from north line, 1650 feet from east line
State	14	1315 feet from north line, 660 feet from east line
State	16	990 feet from north line, 330 feet from east line
State	18	330 feet from north line, 330 feet from east line

(2) That injection into each of said wells shall be through tubing, set in a packer which shall be located as near as practicable to the uppermost perforation; that the casing-tubing annulus of each injection well shall be loaded with an inert fluid and 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 Aztec district office of the failure of the tubing or packer in any of said injection wells, 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 wells herein authorized and/or the injection pressurization system shall be so equipped as to limit injection pressure at the wellhead to no more than 68 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 locations of those wells described in Order No. (1) above as well as the following unorthodox locations, all in Section 28, Township 20 North, Range 9 West, NMPM, McKinley County, New Mexico, are hereby approved:

<u>Lease Name</u>	<u>Well No.</u>	<u>Well Location</u>
State	10	5 feet from north line, 1315 feet from east line
State	13	1315 feet from north line, 990 feet from east line
State	15	1315 feet from north line, 330 feet from east line
State	20	990 feet from north line, 1315 feet from east line

-4-

Case No. 7039
Order No. R-6538

(6) That the subject waterflood project is hereby designated the RMA Chaco Wash MV Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Division Rules and Regulations.

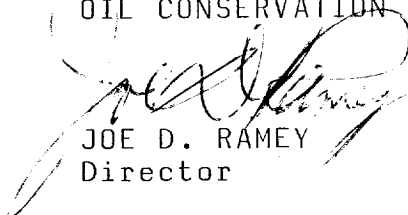
(7) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Division in accordance with Rules 704 and 1120 of the Division Rules and Regulations.

(8) That an administrative procedure is hereby established whereby the operator of the subject project may obtain approval for the drilling of injection wells or production wells in the NE/4 of Section 28, Township 20 North, Range 9 West, NMPM, McKinley County, New Mexico, at orthodox or unorthodox locations in addition to or in lieu of the wells hereinabove authorized. The provisions of paragraphs 2 and 3 of Rule 104 F of the Division Rules and Regulations shall be applicable to obtain administrative approval for the drilling of any unorthodox location, and the provisions of Rule 701 of the Rules and Regulations shall be applicable to obtain authority for the placing of any well, whether at an orthodox or unorthodox location, on water injection.

(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

S E A L

fd/