

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

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[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

_____ Print or Type Name	_____ Signature	_____ Title	_____ Date
_____ e-mail Address			

LEE ENGINEERING

P.O. BOX 10523, MIDLAND, TX 79702 (432) 682-1251

May 13, 2004

RECEIVED

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

MAY 18 2004

OIL CONSERVATION
DIVISION

ATTN: Mr. Richard Ezeanyim:

Dear Mr. Ezeanyim:

Melrose Operating Company respectfully requests an increase in the Maximum Surface Injection Pressure to 1050 psi for the Artesia Unit #23 from the current limit of 416 psi. The Artesia Unit #23 is located in the NW/4 SW/4 of Section 35, T-17-S, R-28-E Eddy County, New Mexico. It is injecting into the Loco Hills and Premier Sand intervals at a depth of 2082 to 2378'.

Mr. Gerry Guye, from the OCD Artesia office, recently performed a bradenhead test and found the surface injection pressure to be above the State allowed injection pressure; a copy of his report is attached.

Please find attached a step rate test performed on this well on 11/25/03. The step rate test shows the parting pressure of the formation is 1100# at the surface. Melrose requests the Maximum Surface Injection Pressure be raised to 1050#.

If you need any further information please contact me.

Sincerely,



Robert Lee



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Oil Conservation Division

*Underground Injection Control Program
"Protecting Our Underground Sources of Drinking Water"*

05-May-04

MELROSE OPERATING COMPANY
PO BOX 953
MIDLAND TX 79702-0000

Handwritten signature/initials

NOTICE OF VIOLATION and SHUT-IN DIRECTIVE Failed Mechanical Integrity Test

Dear Operator:

The following test(s) were performed on the listed dates on the following well(s) shown below in the test detail section.

The test(s) indicates that the well or wells failed to meet mechanical integrity standards of the New Mexico Oil Conservation Division. To comply with guidelines established by the U.S. Environmental Protection Agency, the well(s) must be shut-in immediately until it is successfully repaired. The test detail section which follows indicates preliminary findings and/or probable causes of the failure. This determination is based on a test of your well or facility by an inspector employed by the Oil Conservation Division. Additional testing during the repair operation may be necessary to properly identify the nature of the well failure.

Please notify the proper district office of the Division at least 48 hours prior to the date and time that the well(s) will be retested so the test may be witnessed by a field representative.

MECHANICAL INTEGRITY TEST DETAIL SECTION

ARTESIA UNIT	No.023	Active Injection - (All Types)	30-015-01746-00-00
			L-35-17S-28E

Test Date:	5/5/2004	Permitted Injection PSI:	Actual PSI: 1050
Test Reason:	Annual IMIT	Test Result: F	Repair Due: 8/8/2004
Test Type:	Bradenhead Test	FAIL TYPE: Permit Violation	FAIL CAUSE:

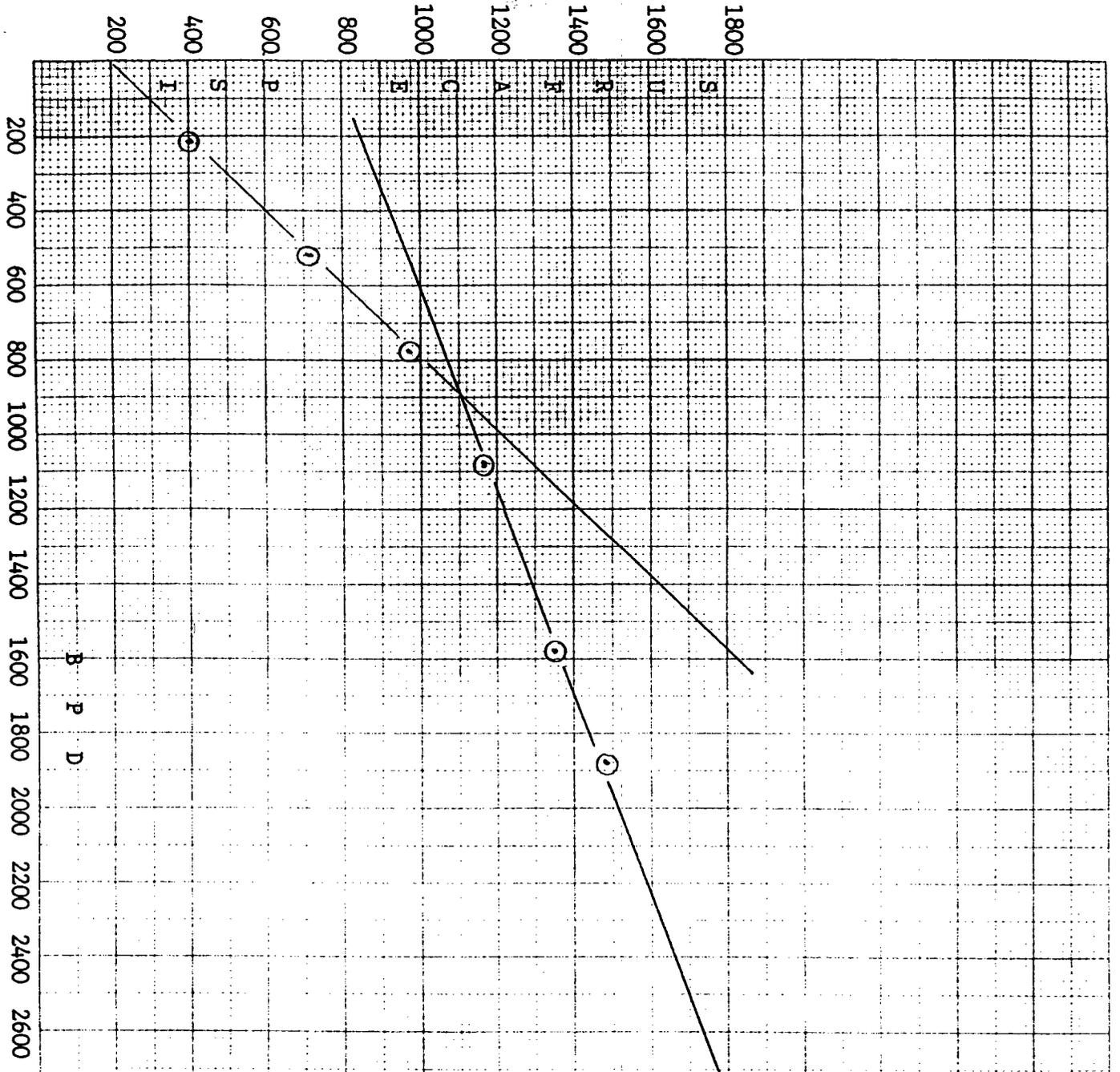
Comments on MIT: Injection pressure over maximum limit. Well must remain shut-in pending reduction in pressure or approval of increase from OCD. *well shut-in waiting on remedial*

CONOCO 7 STATE	No.006	Active Injection - (All Types)	30-015-23921-00-00
			C-7-19S-29E

Test Date:	5/5/2004	Permitted Injection PSI:	Actual PSI: 650
Test Reason:	Annual IMIT	Test Result: F	Repair Due: 8/8/2004
Test Type:	Bradenhead Test	FAIL TYPE: Permit Violation	FAIL CAUSE:

Comments on MIT: Injection pressure over maximum limit. Well must remain shut-in pending reduction in pressure or approval of increase from OCD. *effective 5-7-04 pressure down to 420#*

Melrose Operating Co.
Artesia Unit #23
11/25/03



Parting pressure appears to be
1100 psi

B P D

APPLICATION OF DEPCO, INC.
TO EXPAND ITS DEPCO ARTESIA
WATER FLOOD PROJECT IN THE
ARTESIA POOL IN EDDY COUNTY,
NEW MEXICO.

ADMINISTRATIVE ORDER
WFX NO. 347

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION COMMISSION

Under the provisions of Rule 701, Depco, Inc. has made application to the Commission on July 17, 1970, for permission to expand its Depco Artesia Water Flood Project in the Artesia Pool, Eddy County, New Mexico.

NOW, on this 1st day of August, 1970, the Secretary-Director finds:

1. That application has been filed in due form.
2. That satisfactory information has been provided that all offset operators have been duly notified of the application.
3. That no objection has been received within the waiting period as prescribed by Rule 701.
4. That the proposed injection wells are eligible for conversion to water injection under the terms of Rule 701.
5. That the proposed expansion of the above-referenced water flood project will not cause waste nor impair correlative rights.
6. That the application should be approved.

IT IS THEREFORE ORDERED:

That the applicant, Depco. Inc., be and the same is hereby authorized to inject water into the Grayburg formation through the following described wells for purposes of secondary recovery, to wit:

Unit Well No. 20 located in Unit I of Section 35, and
Unit Well No. 23 located in Unit L of Section 35, both
in Township 17 South, Range 28 East, NMPM,
Unit Well No. 36 located in Unit D of Section 2,
Unit Well No. 66 located in Unit F of Section 3,
and Unit Well No. 67 located in Unit K of Section 3,
all in Township 18 South, Range 28 East, NMPM.