



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
ADMINISTRATIVE ORDER NO. WFX-802

APPLICATION OF CHEVRONTEXACO TO EXPAND ITS ENHANCED OIL TERTIARY RECOVERY PROJECT IN THE VACUUM GRAYBURG-SAN ANDRES POOL IN LEA COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-4442, as amended, ChevronTexaco has made application to the Division on June 17, 2004 for permission to expand its Vacuum Grayburg San Andres Unit Enhanced Oil Tertiary Recovery Project in the Vacuum Grayburg-San Andres Pool in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application was filed in due form.
- (2) Satisfactory information was provided to demonstrate that there are no offset operators to the proposed injection well.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection well is eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced enhanced oil tertiary recovery project will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED THAT:

The applicant, ChevronTexaco, is hereby authorized to inject water into the Grayburg-San Andres formation, Vacuum Grayburg-San Andres Pool, through the perforated interval from approximately 4,217 feet to 4,420 feet using 2-3/8-inch plastic lined tubing set in a packer located at a depth of approximately 4,153 feet in the following described well for purposes of tertiary recovery to wit:

Vacuum Grayburg San Andres Unit Well No. 134 (API No. 30-025-36681)
2630' FSL & 1980' FWL (Unit K) Section 1, Township 18 South, Range 34 East;
Injection Interval: Perforated 4,217 feet to 4,420 feet
Maximum Surface Injection Pressure: 1,550 psi

IT IS FURTHER ORDERED THAT:

The operator shall 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.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

As per the results of a step rate test submitted with the application, the injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure to 1,550 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Vacuum Grayburg-San Andres Pool. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment in the injection well and of the mechanical integrity test so that these operations may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs District Office of the Division of the failure of the tubing, casing or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

The subject well shall be governed by all provisions of Division Order No. R-4442, as amended, and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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

Administrative Order WFX-802

ChevronTexaco

July 15, 2004

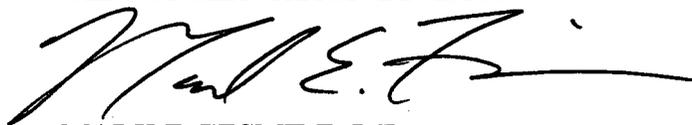
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or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

DONE at Santa Fe, New Mexico, on this 15th day of July, 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

S E A L

MEF/DRC

cc: Oil Conservation Division – Hobbs
Case File No. 12592