



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-804

***APPLICATION OF CHEVRONTEXACO TO EXPAND ITS WEST DOLLARHIDE DRINKARD
UNIT WATERFLOOD PROJECT IN THE DOLLARHIDE TUBB-DRINKARD POOL IN LEA
COUNTY, NEW MEXICO.***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-3768, ChevronTexaco has made application to the Division on May 11, 2004 for permission to expand its West Dollarhide Drinkard Unit Waterflood Project in the Dollarhide Tubb-Drinkard Pool in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

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

IT IS THEREFORE ORDERED THAT:

The applicant, ChevronTexaco is hereby authorized to inject water into the Tubb, Drinkard and Abo formations ("Unitized Interval") through the gross interval from 6,180 feet to 6,700 feet through 2 7/8-inch plastic lined tubing set in a packer located within 100 feet of the top of the injection interval in the following-described wells for purposes of secondary recovery to wit:

Well Name	API Number	Well Location T-24 South, R-38 East	Injection Interval	Packer Depth	Maximum Injection Pressure
WDDU No. 105 (Horizontal)	30-025-30827	Surface-1347' FSL & 1373' FWL, Unit K, Section 32 Bottomhole-1059' FSL & 1717' FEL, Unit O, Section 32	6,180'-6,409'	6,150'	1,236
WDDU No. 108 (Horizontal)	30-025-30830	Surface-1201' FSL & 156' FWL, Unit M, Section 33 Bottomhole-1198' FSL & 944' FEL, Unit P, Section 32	6,399'-6,495'	6,350'	1,280
WDDU No. 155	30-025-33403	2000' FSL & 2550' FEL, Unit J, Section 32	6,446'-6700'	6,400'	1,289
WDDU No. 156	30-025-33413	2000' FSL & 1200' FWL, Unit L, Section 32	6,452'-6,554'	6,400'	1,290

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 wells, the casing in each well shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus in each well 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.

The injection wells or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection wells to the pressure specified above.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said wells that such higher pressure will not result in migration of the injected fluid from the Tubb/Drinkard/Abo formation. 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 and of the mechanical integrity tests so that the same may be inspected and witnessed.

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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 wells and shall take such steps as may be timely and necessary to correct such failure or leakage.

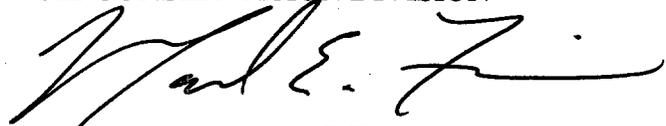
The subject wells shall be governed by all provisions of Division Order No. R-3768 and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 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 wells, 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 6th day of August 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.

Director

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MEF/drc

cc: Oil Conservation Division – Hobbs
Case File No. 4134