



New Mexico Energy, Minerals and Natural Resources Department

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Governor

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Cabinet Secretary-Designate

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Deputy Cabinet Secretary

**Jami Bailey**  
Division Director  
Oil Conservation Division



**July 25, 2011**

**Administrative Order WFX-889**  
Application No. pWVJ1118655190

Mr. David Catanach as Agent for  
Quantum Resources Management, LLC  
1401 McKinney St., Ste. 2400  
Houston, TX 77010

**ADMINISTRATIVE ORDER  
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order R-2495, Quantum Resources Management, LLC has made application to the Division for permission to add 2 water injection wells to its Cone Jalmat Yates Pool Unit (CJYPU) Waterflood Project located within the Jalmat; Tansill-Yates-Seven Rivers Oil Pool (33820) in Lea County, New Mexico.

**THE DIVISION DIRECTOR FINDS THAT:**

The application was filed in due form. No objections have been filed within the waiting period prescribed by Division Rule 19.15.26.8 (C). The proposed wells are eligible for conversion to injection under the terms of Rule 19.15.26.8. The operator is in compliance with Rule 19.15.5.9.

The proposed expansion of the above-referenced waterflood project, will prevent waste, is in the best interests of conservation, will not impair correlative rights, and should be approved.

**IT IS THEREFORE ORDERED THAT:**

Quantum Resources Management, LLC (OGRID No. 243874) is hereby authorized to inject water into the unitized interval, through 2 3/8 inch plastic-lined tubing set in packers located within 100 feet of the top of the injection intervals in the following-described wells within the Cone Jalmat Yates Pool Unit Waterflood Project for purposes of secondary recovery. The maximum allowed surface injection pressure for each of these wells is shown in the table below.



API	CJYPU Well Num	Unit	Sec	Tsp	Rge	Top Perf	Bottom Perf	Tubing	Pressure (PSIG)
30-025-08634	401	I	23	22S	35E	3818	3932	2-3/8	764
30-025-08654	605	I	24	22S	35E	3614	3805	2-3/8	723

The subject wells are hereby further authorized to be unitized as downhole comingled injection wells in the Jalmat; Tansill-Yates-Seven Rivers Oil Pool (33820), provided that all conditions contained in the order remain the same and there have been no additional wells drilled or plugged in the area of review.

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 these wells, the casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

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.

The injection wells or injection system shall be equipped with pressure limiting devices which will limit the wellhead pressure to 0.2 psi per foot of depth to the uppermost injection perforations in each of the wells.

The Director of the Division may authorize increases in injection pressure upon a proper showing by the operator that higher pressure will not result in migration of the injected fluid from the permitted injection interval or harmful formation fracturing. Such proper showing shall consist of valid step-rate tests and possibly injection profiles or pressure transient testing run in accordance with and acceptable to this office.

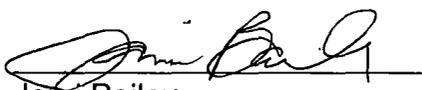
The operator shall notify the supervisor of the District Office of the date and time of the installation of injection equipment and of all mechanical integrity tests so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the District Office 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-2495, as amended, and Rules 19.15.26.9 through 19.15.26.13 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 at least one of the subject wells, provided however, the Division, upon written request by the operator received prior to the one year deadline, may grant an extension thereof for good cause shown.



Jami Bailey  
Division Director

JB/tw

cc: New Mexico Oil Conservation Division – Hobbs