

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order WFX-896

March 6, 2012

Brian Wood (Agent)
Apache Corporation
303 Veterans Airpark Lane, Suite 3000
Midland, TX 79705

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order R-8541, Apache Corporation has made application (*administrative application reference No. pTGW1203753251*) to the Division for permission to add an injection well to its Northeast Drinkard Unit Waterflood Project in the North Eunice Blinebry-Tubb-Drinkard Oil & Gas Pool (22900) 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 19.15.26.8C (2). The proposed injection well is 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 Northeast Drinkard Unit 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:

Apache Corporation (OGRID No. 873) is hereby authorized to inject water into the following well completed in the Blinebry-Tubb-Drinkard formation for the purpose of secondary recovery to wit. Injection shall occur through plastic-lined tubing set in a packer located within 100 feet of the top of the Unitized interval.

Northeast Drinkard Unit Well No. 157 (API No. 30-025-.....)
1855' FNL, 1570' FEL, Unit G, Sec 3, T21S, R37E, NMPM
Permitted Vertical Injection Interval (Perforated Hole): 6,550' – 6,850'
Maximum Surface Injection Pressure: 1,310 PSIG



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 operation into this well, 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 wells shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure to 0.2 psi/ft. to the uppermost injection perforations, as shown above.

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 permitted injection interval or harmful formation fracturing. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to the Hobbs District Office.

The operator shall notify the supervisor of the Hobbs 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 Hobbs 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-8541, and Rules 19.15.26.9 through 19.15.26.13 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.

Administrative Order WFX-896
Apache corporation
Mar 6, 2012
Page 3 of 3

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 received prior to the one year deadline, may grant an extension thereof for good cause shown.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" being more prominent than the last name "Bailey".

Jami Bailey
Director

JB/tw

cc: Oil Conservation Division –Hobbs