

Bill Richardson
Governor

Jim Noel
Cabinet Secretary

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Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order WFX-871

August 31, 2010

Kristy Ward
XTO Energy, Inc.
200 N. Loraine, Suite 800
Midland, TX 79705

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order R-7765, as amended, XTO Energy, Inc. (OGRID No. 5380) has made application to the Division for permission to add one additional injection well to its Eunice Monument South Unit Waterflood Project located within the Eunice Monument; Grayburg-San Andres Pool (Pool No. 23000) 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 26.8C.(2). The proposed injection well is eligible for conversion to injection under the terms of Rule 26.8. The operator is in compliance with Rule 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:

XTO Energy, Inc. is hereby authorized to inject water into the unitized interval of the Eunice Monument South Unit Waterflood Project, through plastic-lined tubing set in a packer located within 100 feet of the top of the injection interval in the following-described well for purposes of secondary recovery:



Eunice Monument South Unit Well No. 696 (API No. 30-025-34317)
2523' FNL, 1456' FWL, Unit F, Sec 10, T21S, R36E, NMPM, Lea County
Permitted Open Hole Injection Interval: 3745 to 3910
Injecting Water through 2-3/8 inch tubing
Maximum Surface Injection Pressure: 750 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 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.

The injection well or system shall be equipped with pressure limiting devices which will limit the wellhead pressure to the maximum surface injection pressure described above.

The Director of the Division may authorize an increase in injection pressure after notice is provided to operators of shallower gas bearing formations within 1/2 mile of this well and upon a proper showing that such higher pressure will not result in migration of the injected fluid from the permitted injection interval. Such proper showing shall consist of valid step-rate tests as well as other tests supporting determination of fracturing pressure, run in accordance with and acceptable to the Division.

The operator shall notify 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 District office 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-7765, as amended, and Rule 26.9 through Rule 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.

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.



MARK E. FESMIRE, P.E.
Director

MEF/tw

cc: Oil Conservation Division – Hobbs