STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

May 16, 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Sirgo Operating Inc.
P.O. Box 3531
Midland, Texas 79702

Attention: Victor J. Sirgo

Re: Amendment of Division Order No. WFX-570

Dear Mr. Sirgo:

Reference is made to your request dated April 26, 1989, whereby you requested an amendment to Division Order No. WFX-570, which order authorized the drilling of fifty-two wells to be utilized for injection within the West Dollarhide Queen Sand Unit Waterflood Project. It is our understanding that you now seek approval to re-enter and recomplete for injection, thirteen wells which are currently plugged and abandoned in lieu of drilling thirteen new replacement wells. It is further our understanding that nine of these wells proposed to be re-entered were previously approved for injection under Division Order No. R-2356, and that you further seek authority to inject for the remaining four wells.

Inasmuch as the application contains all the information necessary to approve the proposed amendments, Division Order No. WFX-570 is hereby amended as follows:

1. Injection authority, previously authorized by said Order No. WFX-570 as it pertains to the West Dollarhide Queen Sand Unit Well Nos. 128, 129, 131, 108, 152, 153, 133, 110, 136, 138, 139, 140 and 143 is hereby cancelled.

2. The applicant is hereby authorized to utilize the West Dollarhide Queen Sand Unit Well Nos. 2, 22, 30 and 39 (as described fully in Amended Order WFX-570) as injection wells under the terms and conditions set forth in said order.

The applicant is hereby further authorized to utilize the following wells, previously approved for injection by Division Order No. R-2356 for injection, provided, however, that said wells shall be required to be in compliance with the provision of said Order No. WFX-570, including, but not limited to pressure limitations and well testing requirements.

WEST DOLLARHIDE QUEEN SAND UNIT (WDQSU)
WELL NUMBER & LOCATION

WDQSU No. 3	660 FSL & 990 FWL (M) Section 19, T24S, R38E
WDQSU No. 5	990 FNL & 2310 FWL (C) Section 30, T24S, R38E
WDQSU No. 7	2310 FNL & 330 FWL (E) Section 29, T24S, R38E
WDQSU No. 15	1650 FSL & 510 FEL (I) Section 30, T24S, R38E
WDQSU No. 19	330 FSL & 1650 FEL (O) Section 30, T24S, R38E
WDQSU No. 27	990 FNL & 1650 FWL (C) Section 32, T24S, R38E
WDQSU No. 32	1980 FNL & 1650 FEL (G) Section 31, T24S, R38E
WDQSU No. 34	2260 FSL & 2309 FWL (K) Section 31, T24S, R38E
WDQSU No. 38	2310 FSL & 1650 FWL (K) Section 32, T24S, R38E

Sincerely,

William J. LeMay
Director

xc: OCD-Hobbs
Tim Gallegos
File-WFX-570

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APPLICATION OF SIRGO-COLLIER, INC. TO EXPAND ITS WATERFLOOD PROJECT IN THE DOLLARHIDE QUEEN POOL IN LEA COUNTY, NEW MEXICO

AMENDED ORDER NO. WFX-570

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-2356, Sirgo-Collier, Inc. has made application to the Division on March 4, 1988 for permission to expand its West Dollarhide Queen Sand Unit Waterflood Project in the Dollarhide Queen Pool in Lea County, New Mexico.

NOW, on this 18th day of May, 1989, 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 water 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, Sirgo-Collier, Inc., be and the same is hereby authorized to inject water into the Queen formation at approximately 3562 feet to approximately 3880 feet through 2 3/8-inch plastic lined tubing set in a packer located approximately within 100 feet of the uppermost injection perforations in the wells shown on Exhibit "A" for the purposes of secondary recovery.

IT IS FURTHER ORDERED:

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 from the surface to the packer setting depth to assure the integrity of said casing.

Prior to commencing injection operation into any injection well located within one-half mile of the wells shown on Exhibit "B" attached to this order, the operator shall cement the wells shown on Exhibit "B" across, above and below the Queen formation or in a manner satisfactory to the supervisor of the Division's Hobbs District Office, or shall satisfactorily demonstrate to the supervisor of the Hobbs District Office that said wells will not serve as a conduit for upward migration of injected fluid.

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 no more than the amount shown on Exhibit "A" or .2 psi/ft. of depth to the uppermost perforation.

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 Queen 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 disposal equipment, repair operations on the wells shown on Exhibit "B" and of the 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 Division of the failure of 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-2356 and Rule 702 - 706 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of

correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

DONE at Santa Fe, New Mexico, on this 18th day of May, 1989.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

EXHIBIT "A"
DIVISION ORDER NO. WFX-570
APPROVED INJECTION WELLS
WEST DOLLARHIDE QUEEN SAND UNIT

WELL NO.	WELL LOCATION	MAXIMUM SURFACE INJECTION PRESSURE (PSIG)
1:	330' FSL 2310' FEL, Unit O, Sec. 19, T24S, R38E,	716
2:	660' FSL 2310' FWL, Unit N, Sec. 19, T24S, R38E,	740
6:	990' FNL 2310' FEL, Unit B, Sec. 30, T24S, R38E,	716
8:	2310' FNL 810' FEL, Unit H, Sec. 30, T24S, R38E,	742
9:	2310' FNL 2310' FEL, Unit G, Sec. 30, T24S, R38E,	735
10:	2310' FNL 2310' FWL, Unit F, Sec. 30, T24S, R38E,	729
12:	1650' FSL 990' FWL, Unit L, Sec. 30, T24S, R38E,	726
13:	1650' FSL 2310' FWL, Unit K, Sec. 30, T24S, R38E,	721
14:	1650' FSL 2140' FEL, Unit J, Sec. 30, T24S, R38E,	726
18:	330' FSL 660' FEL, Unit P, Sec. 30, T24S, R38E,	724
20:	467' FSL 2310' FWL, Unit N, Sec. 30, T24S, R38E,	718
21:	330' FSL 990' FWL, Unit M, Sec. 30, T24S, R38E,	726
22:	330' FNL 990' FWL, Unit D, Sec. 31, T24S, R38E,	728
24:	330' FNL 1650' FEL, Unit B, Sec. 31, T24S, R38E,	718
25:	660' FNL 660' FEL, Unit A, Sec. 31, T24S, R38E,	719
30:	2310' FNL 330 FWL, Unit E, Sec. 32, T24S, R38E,	718
33:	1750' FNL 2310' FWL, Unit F, Sec. 31, T24S, R38E,	720
35:	1980' FSL 1650' FEL, Unit J, Sec. 31, T24S, R38E,	712
36:	2310' FSL 660' FEL, Unit I, Sec. 31, T24S, R38E,	715
37:	2310' FSL 330' FWL, Unit L, Sec. 32, T24S, R38E,	721
39:	1980' FSL 2310' FEL, Unit J, Sec. 32, T24S, R38E,	722
46:	330' FSL 330' FEL, Unit P, Sec. 31, T24S, R38E,	721
47:	330' FSL 1650' FEL, Unit O, Sec. 31, T24S, R38E,	718
50:	990' FNL 330' FWL, Unit D, Sec. 5, T25S, R38E,	716
52:	996' FNL 2310' FEL, Unit B, Sec. 5, T25S, R38E,	716
59:	1942' FNL 660' FWL, Unit E, Sec. 5, T25S, R38E,	716
109:	750' FNL 500' FWL, Unit D, Sec. 32, T24S, R38E,	716
111:	1830' FSL 460' FWL, Unit L, Sec. 29, T24S, R38E,	716
113:	330' FNL 2360' FWL, Unit C, Sec. 31, T24S, R38E,	716
126:	870' FSL 1930' FWL, Unit N, Sec. 32, T24S, R38E,	716
127:	920' FSL 2230' FEL, Unit O, Sec. 32, T24S, R38E,	716
130:	990' FNL 1090' FWL, Unit D, Sec. 30, T24S, R38E,	716
132:	2200' FNL 1090' FWL, Unit E, Sec. 30, T24S, R38E,	716
135:	2100' FNL 1630' FWL, Unit F, Sec. 32, T24S, R38E,	716
137:	1930' FNL 745' FEL, Unit H, Sec. 31, T24S, R38E,	716
141:	895' FNL 1970' FWL, Unit C, Sec. 5, T25S, R38E,	716
142:	800' FSL 900' FEL, Unit P, Sec. 32, T24S, R38E,	716
144:	1860' FNL 2110' FEL, Unit G, Sec. 5, T25S, R38E,	716
145:	1050' FNL 620' FEL, Unit A, Sec. 6, T25S, R38E,	716
146:	1920' FNL 1950' FWL, Unit F, Sec. 5, T25S, R38E,	716
147:	1920' FNL 755' FEL, Unit H, Sec. 5, T25S, R38E,	716
148:	700' FSL 550' FWL, Unit M, Sec. 32, T24S, R38E,	716
151:	492' FSL 550' FWL, Unit M, Sec. 29, T24S, R38E,	716

EXHIBIT "B"

DIVISION ORDER WFX-570

OPERATOR	WELL NAME & NUMBER	WELL LOCATION
Texaco Prod. Co.	WDDU No. 34	660' FSL & 660' FWL, Section 29, T-24S, R-38E
Texaco Prod. Co.	WDDU No. 36	660' FSL & 1980' FEL, Section 29, T-24S, R-38E
Texaco Prod. Co.	WDDU No. 22	1980' FNL & 1980' FWL, Section 29, T-24S, R-38E
Estacado, Inc.	Elliot 31 Fed. No. 1	990' FNL & 990' FEL, Section 31, T-24S, R-38E
Texaco Prod. Co.	WDDU No. 46	1980' FNL & 330' FEL, Section 31, T-24S, R-38E
Texaco Prod. Co.	WDDU No. 51	2310' FNL & 330' FEL, Section 31, T-24S, R-38E
Texaco Prod. Co.	WDDU No. 90	1650' FNL & 1650' FEL, Section 31, T-24S, R-38E
Texaco Prod. Co.	WDDU No. 91	1980' FNL & 990' FEL, Section 31, T-24S, R-38E
Texaco Prod. Co.	WDDU No. 44	990' FNL & 1980' FWL, Section 32, T-24S, R-38E
Texaco Prod. Co.	WDDU No. 52	1980' FNL & 660' FWL, Section 32, T-24S, R-38E
Texaco Prod. Co.	WDDU No. 71	810' FSL & 510' FEL, Section 32, T-24S, R-38E
Chevron USA	WD Devonian UT No. 107	660' FSL & 781' FEL, Section 33, T-24S, R-38E
The Texas Co.	C. E. Penny No. 3	1980' FSL & 660' FEL, Section 4, T-25S, R-38E
Leonard Oil Co.	Ginsburg Fed. No. 3	2310' FSL & 330' FEL, Section 6, T-25S, R-38E