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ADMINISTRATIVE ORDER NO. WFX-616

*APPLICATION OF PHILLIPS PETROLEUM COMPANY TO EXPAND ITS PILOT
CARBON DIOXIDE INJECTION PROJECT IN THE MALJAMAR-GRAYBURG SAN
ANDRES POOL IN LEA COUNTY, NEW MEXICO*

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-3668-A, Phillips Petroleum Company has made application to the Division on October 22, 1991, for permission to expand its Maljamar Philmex Pilot CO₂ Injection Project in the Maljamar-Grayburg San Andres 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 well is eligible for conversion to CO₂ injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced Pilot CO₂ Injection Project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Phillips Petroleum Company, be and the same is hereby authorized to inject carbon dioxide into the Grayburg/San Andres formation at approximately 4280 feet to approximately 4500 feet through 2 3/8 inch plastic lined tubing set in a packer at approximately 3870 feet in the following described well for purposes of secondary recovery to wit:

Philmex Well No. 39
1478' FSL & 1175' FWL (Unit L)
Section 26, Township 17 South, Range 33 East, NMPM
Lea County, New Mexico

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected carbon dioxide 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 a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1700 psi.

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 Grayburg/San Andres 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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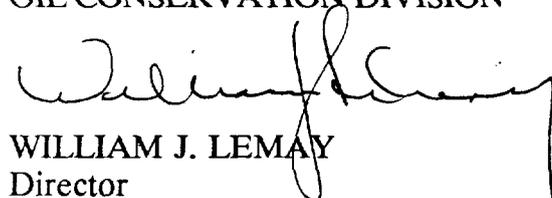
The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

The subject well shall be governed by all provisions of Division Order No. R-3668-A and Rules 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 the entry of such further order or orders as may be deemed 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 22th day of November, 1991.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

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cc: Oil Conservation Division - Hobbs