



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



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

ADMINISTRATIVE ORDER NO. WFX-652

***APPLICATION OF GIANT EXPLORATION & PRODUCTION COMPANY TO EXPAND ITS
CARSON BISTI LOWER GALLUP WATERFLOOD PROJECT IN THE BISTI LOWER
GALLUP OIL POOL IN SAN JUAN COUNTY, NEW MEXICO***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order Nos. R-2065 and R-6172, Giant Exploration & Production Company has made application to the Division on October 8, 1993 for permission to expand its Carson Bisti Lower Gallup Waterflood Project in the Bisti Lower Gallup Oil Pool in San Juan 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 wells are eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced Carson Bisti Lower Gallup Waterflood Project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Giant Exploration & Production Company, be and the same is hereby authorized to inject water into the Lower Gallup Sand formation at approximately 4871 feet to approximately 4900 feet through 2 3/8-inch plastic lined tubing set in a packer within 100 feet of the uppermost injection perforations in the wells, as described in Exhibit "A" attached hereto, for purposes of secondary recovery.

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 wells and within sixty days from the date of this order, 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 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 .2 psi/ft. of depth to the uppermost injection 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 Lower Gallup Sand 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 Aztec 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.

The operator shall immediately notify the supervisor of the Aztec district office of the Division 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.

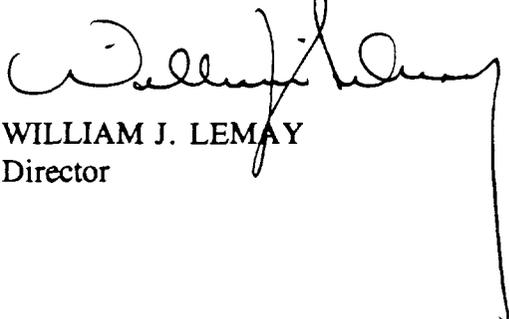
The subject wells shall be governed by all provisions of Division Order Nos. R-2065 and R-6172, as amended and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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.

*Administrative Order WFX-652
Giant Exploration & Production Company
December 21, 1993
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DONE at Santa Fe, New Mexico, on this 21st day of December, 1993.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Aztec

EXHIBIT "A"
 DIVISION ORDER NO. WFX-652
 CARSON BISTI LOWER GALLUP WATER FLOOD PROJECT
 SAN JUAN COUNTY, NEW MEXICO
 APPROVED INJECTION WELLS

<i>Well No.</i>	<i>Location</i>	<i>Unit</i>	<i>S-T-R</i>	<i>Injection Perforations</i>	<i>Packer Depth</i>	<i>Tubing Size</i>	<i>Injection Pressure</i>
23-13	1980' FSL - 1980' FWL	K	13-25N-12N	4871' - 4900'	4771'	2 3/8"	974 psig
33-13	1980' FSL - 1980' FEL	J	13-25N-12N	4876' - 4898'	4776'	2 3/8"	975 psig
44-13	735' FSL - 735' FEL	P	13-25N-12N	4869' - 4895'	4769'	2 3/8"	974 psig