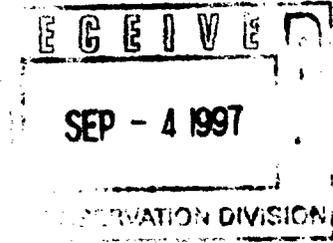


MERRION

Oil & Gas

September 2, 1997



Mr. David Catanach
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

RE: C-108 Injection Permit Application
Media Entrada Unit #2
Section 15, T19N, R3W
Sandoval County, New Mexico

Dear Mr. Catanach

This letter is to provide supplemental information to our permit application for the Media Entrada Unit #2. The Huchinson #2, a plugged and abandoned wellbore offsetting the subject well was plugged back with a cast iron bridge plug above the Dakota. This plug isolated the Dakota, Morrison and Entrada formations from the Gallup completion above. After a brief period of Gallup production, the well was plugged out to the surface. We do not believe this poses a problem to our injection well project for the following reasons: 1) The Dakota is not productive in this area. 2) Injection history in the Entrada indicates that injection pressure at the wellbore quickly dissipates into the formation. It is highly unlikely that the reservoir pressure would rise sufficiently to pressure up the Huchinson #2 wellbore, allowing crossflow into the Dakota. While there are open Entrada perms below the Dakota, we believe that communication between the two formations is highly unlikely. If you require additional information, please contact me at (505) 327-9801, ext. 126.

Sincerely

A handwritten signature in black ink, appearing to read "Connie Dinning". The signature is written in a cursive style with a large loop at the end.

Connie Dinning, Contract Engineer

xc: Well File
Ernie Busch, NMOCD, Aztec, NM

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5465
Order No. R-5017

APPLICATION OF PETRO-LEWIS
CORPORATION FOR A PRESSURE
MAINTENANCE PROJECT, SANDOVAL
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 30, 1975, at Santa Fe, New Mexico, before Examiner, Richard L. Stamets.

NOW, on this 22nd day of May, 1975, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Petro-Lewis Corporation, seeks authority to institute a pressure maintenance project on its Media Entrada Unit, Media-Entrada Pool, by the injection of water into the Entrada formation through three injection wells in Sections 14 and 15, Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico.
- (3) That the wells in the project area are experiencing a decline in reservoir pressure.
- (4) That the proposed pressure maintenance project should result in the recovery of a greater volume of oil from the reservoir than would otherwise be recovered, thereby preventing waste.
- (5) That the applicant does not seek authority for allowable credit or transfer nor special well allowables within the project.

(6) That the operator should 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 from injection, production, or plugged and abandoned wells.

(7) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Petro-Lewis Corporation, is hereby authorized to institute a pressure maintenance project on its Media Entrada Unit, Media-Entrada Pool, by the injection of water into the Entrada formation through the following-described wells in Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico:

<u>WELL NAME</u>	<u>NO.</u>	<u>UNIT LETTER</u>	<u>SECTION</u>
Media Entrada Unit	1	H	15
Media Entrada Unit	5	O	15
Media Entrada Unit	8	N	14

(2) That injection into each of said wells shall be through internally coated tubing, set in a packer which shall be located as near as practicable to the uppermost perforation; that the casing-tubing annulus of each injection well shall be loaded with an inert fluid and equipped with an approved attention-attracting leak detection device.

(3) That the operator shall immediately notify the supervisor of the Commission's Aztec district office of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

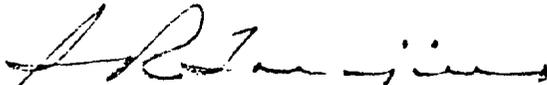
(4) That the subject project is hereby designated the Petro-Lewis Media Entrada Unit Pressure Maintenance Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(5) That monthly progress reports of the project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman


PHIL R. LUCERO, Member


A. L. PORTER, Jr., Member & Secretary

S E A L

dr/