



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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

August 10, 1993

ADMINISTRATIVE ORDER NO. WFX-647

Xeric Oil & Gas Corporation
P.O. Box 51311
Midland, Texas 79710

Attn: Kevin K. Gafford

RECLASSIFICATION OF MESA QUEEN UNIT WELL NO.14

Dear Mr. Gafford,

Reference is made to your request dated June 17, 1993, to reclassify the above mentioned well, from salt water disposal to standard water injection. It is clear that the order which resulted, (SWD-447) was one of misunderstanding. As the requirements are similar, the well has been reviewed, and is in fact, within an established waterflood project.

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order Nos. R-3444, R-3444-A, and WFX-345, Xeric Oil and Gas Company has requested that Mesa Queen Unit Well No.14 be reclassified as an expansion of its Mesa Queen Unit Waterflood Project in the Mesa-Queen Pool in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- 1) The application has been previously and duly filed under provisions of Rule 701(B) of the Division Rules and Regulations.
- 2) The application has been approved and was issued the Division Order No. SWD-447 in error.
- 3) The proposed expansion of the above referenced waterflood project will not cause waste nor impair correlative rights.
- 4) The well should be reclassified and the expansion approved.

IT IS THEREFORE ORDERED THAT:

- 1) Division Order SWD-477 is hereby rescinded.
- 2) The applicant, Xeric Oil and Gas Company, be and the same is hereby authorized to utilize its Mesa Queen Unit Well No.14, located in Unit L of Section 16, Township 16 South, Range 32 East, NMPM, Lea County, New Mexico, to inject water into the queen formation at approximately 3400 feet to approximately 3450 feet through 2 3/8" inch plastic lined tubing set in a packer located at approximately 3350 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the approved 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 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 per foot of depth to the uppermost injection perforation.

The Director of the Division may authorize and increase in injection pressure upon a proper showing by the operator of said well and 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 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 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.

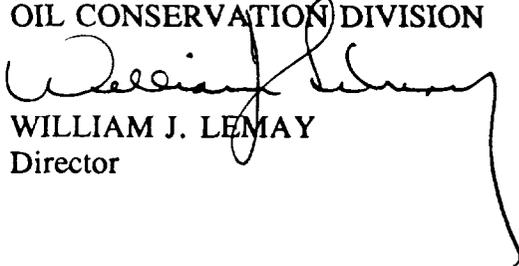
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The subject well shall be governed by all provisions of Division Order Nos. R-3444, R-3444-A, WFX-345, and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 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 10th day of August, 1993.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Hobbs
Files: SWD-447, Case No.3790

Xeric Oil & Gas Corporation

P.O. Box 51311
Midland, Texas 79710
(915) 683-3171
FAX: (915) 683-3152

June 17, 1993

**Oil Conservation Division
P.O. Box 2000
Santa Fe, NM 87504**

Attn: David Catanach

Re: Division Order SWD-447

Dear David,

It was originally our intention to permit an additional injection well on the Mesa Queen Unit, which was already an active water flood unit. It would seem that we inadvertently permitted a salt water disposal well, instead. I am not certain of the difference in terminology where the O.C.D. is concerned, but there is apparently a difference.

In our original application paperwork the well was referred to about half of the time as a salt water disposal well and the other half of the time as an injection well. Volumes for injectors are reported on the C-115, while volumes for disposal wells are reported on the C-120-A. Since this injector became active, we have reported volumes on the C-115. I have just been informed of the error in reporting; since the well is classified as a salt water disposal well.

My request is that you re-classify this well as an additional injector on the Mesa Queen Unit.

Thank you in advance for your help in this matter.

Regards,


Kevin K. Gafford

cc: Jerry Sexton
O.C.D., Hobbs District Office

Mesa Queen #14