NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER NO. WFX-774

APPLICATION OF APACHE CORPORATION TO EXPAND ITS WATERFLOOD PROJECT IN THE NORTH EUNICE BLINEBRY-TUBB-DRINKARD OIL & GAS POOL IN LEA COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-8541, as amended, Apache Corporation has made application to the Division on April 13, 2001, for permission to expand its Northeast Drinkard Unit Waterflood Project in the North Eunice Blinebry-Tubb-Drinkard Oil & Gas 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 wells are eligible for conversion to injection under the terms of Rule 701.

(5) The proposed expansion of the above-referenced Northeast Drinkard Unit Waterflood Project will not cause waste nor impair correlative rights.

(6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Apache Corporation, is hereby authorized to inject water into the Blinebry-Tubb-Drinkard formation through the gross perforated and/or open hole interval from approximately 5,550 feet to approximately 7,065 feet through 2 3/8-inch plastic-lined tubing set in a packer located

within 100 feet of the uppermost injection perforations or casing shoe within the sixteen wells shown on Exhibit "A" attached hereto, for purposes of secondary recovery to wit.

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 shown on Exhibit "A", the casing in each well 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 1110 psi.

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 Blinebry-Tubb-Drinkard 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.

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 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-8541, as amended, and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

DONE at Santa Fe, New Mexico, on this 7th day of June, 2001.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery by DC

LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Hobbs
Bureau of Land Management - Carlsbad

Exhibit "A"
Division Order No. WFX-774
Northeast Drinkard Unit
Approved Injection Wells

Well Name & Number	API Number	Well Location (All in Township 21 South, Range 37 East)	Injection Interval	Packer Depth
NE Drinkard Unit No. 102	30-025-06400	1582' FNL & 990' FEL, Unit H, Section 4	5,670' – 5,935'	5,570'
NE Drinkard Unit No. 103	30-025-09897	660' FNL & 660' FWL, Unit D, Section 3	5,700' – 6,010'	5,600'
NE Drinkard Unit No. 106	30-025-06410	660' FNL & 1980' FWL, Unit C, Section 3	5,700' – 6,920'	5,600'
NE Drinkard Unit No. 112	30-025-06509	660' FNL & 660' FEL, Unit A, Section 3	5,700' – 6,020'	5,600'
NE Drinkard Unit No. 122	30-025-06364	897' FNL & 990' FEL, Unit A, Section 2	5,850' – 7,015'	5,750'
NE Drinkard Unit No. 123	30-025-06360	2217' FNL & 989' FEL, Unit H, Section 2	5,830' – 7,065'	5,730'
NE Drinkard Unit No. 204	30-025-06506	3300' FNL & 760' FWL, Unit L, Section 3	5,600' – 6,800'	5,500'
NE Drinkard Unit No. 207	30-025-06519	2,970' FSL & 2,308' FWL, Unit N, Section 3	5,620' – 6,885'	5,520'
NE Drinkard Unit No. 223	30-025-06355	2,970' FSL & 990' FEL, Unit P, Section 2	5,780' – 6,950'	5,680'
NE Drinkard Unit No. 304	30-025-06520	915' FSL & 2208' FWL, Unit V, Section 3	5,550' – 6,659'	5,450'
NE Drinkard Unit No. 305	30-025-06493	1980' FSL & 1980' FEL, Unit R, Section 3	5,610' – 6,747'	5,510'
NE Drinkard Unit No. 306	30-025-06507	1980' FSL & 1830' FEL, Unit R, Section 3	5,620' – 6,800'	5,520'
NE Drinkard Unit No. 310	30-025-06497	660' FSL & 660' FEL, Unit X, Section 3	5,620' – 6,760'	5,520'
NE Drinkard Unit No. 311	30-025-06367	1980' FSL & 660' FWL, Unit T, Section 2	5,650' – 6,746'	5,550'
NE Drinkard Unit No. 404	30-025-06454	1980' FNL & 2310' FWL, Unit F, Section 10	5,580' – 6,790'	5,480'
NE Drinkard Unit No. 410	30-025-06453	1980' FNL & 660' FEL, Unit H, Section 10	5,560' – 6,720'	5,460'