

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 13969
ORDER NO. R-12658-A**

**APPLICATION OF BP AMERICA PRODUCTION COMPANY TO AMEND
ORDER NO. R-12658 TO EXTEND THE AUTHORIZED TIME WITHIN
WHICH TO COMPLETE WORK ON WELLS LOCATED IN THE AREAS OF
REVIEW FOR INJECTION WELLS IN THE WASHINGTON "33" STATE
LEASE WATERFLOOD PROJECT, EDDY COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 9, 2006 and again on September 6, 2006, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 14th day of September 2007, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) In the findings listed in Order No. R-12658 issued on November 7, 2006 in Case No. 13750, an examination of wells surrounding the proposed injection wells showed that certain wells should be repaired with remedial cementing or other well work in order to confine injection to the intended target formations. Twelve wells were identified in this order as needing repair or further investigation.

(3) BP was allowed to commence injection and given six months to complete all identified remedial work for the reasons that (i) the target injection reservoir has been pressure depleted and will take an estimated two years to reach reservoir fill-up, and (ii) there will be more producing wells in this reservoir than injection wells, and each injection well will be surrounded by producers.

(4) Specifically, by Ordering Paragraph (5) of said order, BP was allowed six months from the time of first injection to complete all remedial work on AOR wells. If

any required work was not completed within the deadline as ordered, BP would be required to shut-in any injection well located within ½ mile of an un-repaired well until the required work was completed to the satisfaction of the Division.

(5) Water injection in this project began on January 9, 2007, so the deadline to complete all required repair work was July 9, 2007.

(6) On July 5, 2007, BP America Production Company ("BP") presented to the Division an application (present Case No. 13969) seeking to extend for six additional months, the six month time limit given in Order No. R-12658 to repair certain wells within the Areas of Review ("AOR") of injection wells approved by this order.

(7) On July 6, 2007, BP presented the Division with a letter requesting permission to continue injection into all injection wells pending the outcome of a formal request to the Division through hearing to extend the deadline to repair two remaining wells.

(8) The Division gave verbal approval to BP to continue injection operations pending the outcome of this hearing – see testimony of BP presented in this case.

(9) There were no other appearances in this case and no opposition. The case was heard on August 9, 2007, then continued for four weeks to allow the operator to present proof of notice.

(10) The required proof of notice was presented on September 6, 2007. No other parties appeared at that hearing or otherwise opposed the application.

(11) BP presented testimony as follows:

(a) Of the numerous wells required to be either plugged or repaired in the Division order, BP had completed work on all but two wells. By the time of the hearing, all but one well was finished.

(b) The Hanover State Well No. 2 (API No. 30-015-20355) operated by Marbob Energy Corporation ("Marbob") and located in Unit P, Section 28, Township 17 South, Range 28 East, still remains to be squeezed with cement from the current top of cement (estimated at 3962 feet) to above the Seven Rivers formation top, approximately 650 feet.

(c) The required work on this well has been delayed due to the various working interest owners in the well. Marbob is the operator and has agreed to either repair the well or let this well be repaired by BP.

(d) Any negative effects of delaying the repair of the Hanover State Well No. 2 should be minimal since this well is shielded from the effects of

injection by producing wells on the Washington "33" State Lease Waterflood Project.

(12) Requiring BP to shut-in any injection well closer than ½ mile from the Hanover State Well No. 2 because of this delayed repair would disrupt the waterflood pattern; delay fillup of the reservoir; and cause waste and impair correlative rights of owners within the Washington "33" State Lease Waterflood Project.

(13) In addition, delaying this required repair for six additional months should not cause movement of injection fluid out of zone or otherwise endanger fresh water or other producing intervals within the vicinity of the Hanover State Well No. 2.

(14) The applicant's request to extend the deadline to repair this well until January 9, 2008, should be approved in order to prevent waste and protect correlative rights.

(15) In addition, a provision should be added to this order allowing BP to apply administratively for permission to extend the deadline to complete all required work to a maximum of two years from the date of first injection.

IT IS THEREFORE ORDERED THAT:

(1) As requested by the applicant, BP America Production Company ("BP"), the deadline to complete all remedial work required in Order No. R-12658 issued in Case No. 13750 on November 7, 2006, is hereby extended for an additional six months to January 9, 2008.

(2) Ordering Paragraph (5) of R-12658 is amended to read as follows:

"The following work shall be completed within twelve months of the commencement of injection operations into any one of the six new injection wells. If the required work is not completed on any specified well by that time, then any injection well within ½ mile of that well shall be shut-in until the required work is completed to the satisfaction of the Division. The operator shall notify the District supervisor of the Artesia district office prior to commencing any of this required work so that work may be witnessed."

(3) Further extensions to the deadline to complete all required work shall be done administratively, but in no case shall the deadline be extended past January 9, 2009.

(4) All other provisions of Division Order No. R-12658 shall remain in full force and effect.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Mark E. Fesmire
for MARK E. FESMIRE, P.E.
Director