



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 25, 2005

Stephanie A. Ysasaga
Devon Energy Corporation
20 North Broadway
Oklahoma City, OK 73102-8260

RECEIVED

OCT 27 2005

OCD-ARTESIA

Re: Extension of Administrative Order SWD-951

Dear Ms. Ysasaga:

As per your request received in this office October 13, 2005, and for the reasons outlined in your letter, a one-year extension of the deadline in which to convert to injection the Remuda Basin SWD Well No. 1 (API No. 30-015-29549), approved by Division Order No. SWD-951 is hereby granted with the following additional requirement.

- 1) A Cement Bond Log shall be run (and supplied to the Division) from plug-back-total-depth to the top of any cement prior to installing any new wellbore plugs or installing injection tubing. If the cement top is not inside the intermediate casing, report this fact to the Division and to the Bureau of Land Management.

Provided: The operator shall not begin injection into this well until all pre-conditions contained in the original order are complied with.

The injection authority for this well shall expire on November 19, 2006, if the operator has not commenced injection operations.

Sincerely,

William V. Jones P.E.
Division Engineer

cc: Oil Conservation Division - Artesia
Bureau of Land Management - Carlsbad
File: SWD-951



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
(405)-552-7802 Phone
(405)-552-4553 Fax
Stephanie.Ysasaga@dvn.com

October 7th, 2005

Oil Conservation Division
Attn: William Jones
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

RE: Form C-108, Administrative Order SWD-951
Request for Extension of Approval
Remuda Basin SWD #1
API#: 30-015-29549
Eddy County, NM
Section 20, T23S, R30E

RECEIVED
OCT 27 2005
OCU-ARTESIA

2005 OCT 13 AM 10 04

*Ms Tina Cooper
Palmer-Set
in Oklahoma*

Dear Mr. Jones:

Devon Energy Production Company would like to request a 6 month extension of approval, to convert the Remuda Basin SWD #1 to water injection. Yates Petroleum Corporation's Form C-108, Application for Authorization to Inject was approved November 19th, 2004 (Administrative Order SWD-951). Yates Petroleum Corporation was not able to initiate work to convert the Remuda Basin SWD #1 to water injection within the allowed one year approval period. Yates no longer owns this lease; Devon Energy Production Co., LP is the current operator. It is anticipated that the salt water disposal conversion will be completed by the end of March 2006.

The well's area of review has been re-checked. Surface and leasehold positions remain the same as reported in the original Form C-108 filing. In addition, there have been no wellbores added within the well's area of review.

Attached is a copy of the "Notice of Intent: Change Operator" and copy of the "NOI: Convert to Injection" sent to the BLM.

If you need additional information or have any questions, please contact Jim Blount at (405) 228-4301 or myself at (405) 552-7802. Thank you for your cooperation in this matter.

Sincerely,

Stephanie A. Ysasaga
Senior Engineering Technician



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ADMINISTRATIVE ORDER SWD-951

APPLICATION OF STRATA PRODUCTION COMPANY FOR PRODUCED WATER DISPOSAL, EDDY COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Strata Production Company made application to the New Mexico Oil Conservation Division on October 12, 2004, for permission to utilize for produced water disposal its Remuda Basin 20 Federal Well No. 1 (API No. 30-015-29549) located 330 feet from the North line and 660 feet from the West line of Section 20, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant is hereby authorized to utilize its Remuda Basin 20 Federal Well No. 1 (API No. 30-015-29549) located 330 feet from the North line and 660 feet from the West line of Section 20, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico, in such manner as to permit the injection of produced water for disposal purposes into the Bell Canyon and Cherry Canyon formations through perforations from 4,124 feet to 4,774 feet and through plastic-lined tubing set with a packer located within 100 feet of the top of the injection interval.

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.

As part of the conversion to injection, the operator shall plug back the well with a cast iron bridge plug and cement to within 200 feet of the bottom of the intended injection interval. In addition, the operator shall estimate the initial reservoir pressure of the injection interval and submit this in writing to the Division (referencing SWD-951).

After installing injection tubing, 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 or an approved leak detection device in order to determine leakage in the casing, tubing, or packer.

The wellhead injection pressure on the well shall be limited to no more than 814 psi. In addition, the injection well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface injection pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the injection 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 Artesia district office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Artesia 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.


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 operator shall provide written notice of the date of commencement of injection to the Artesia district office of the Division.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

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 well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 19th day of November 2004.


MARK E. FESMIRE, P.E.
Director

MEF/wvj

cc: Oil Conservation Division – Artesia
Bureau of Land Management – Carlsbad