

Entered April 30, 1981
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7202
Order No. R-6677

APPLICATION OF LAYTON ENTERPRISES,
INC. FOR A WATERFLOOD PROJECT,
ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 25, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of April, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

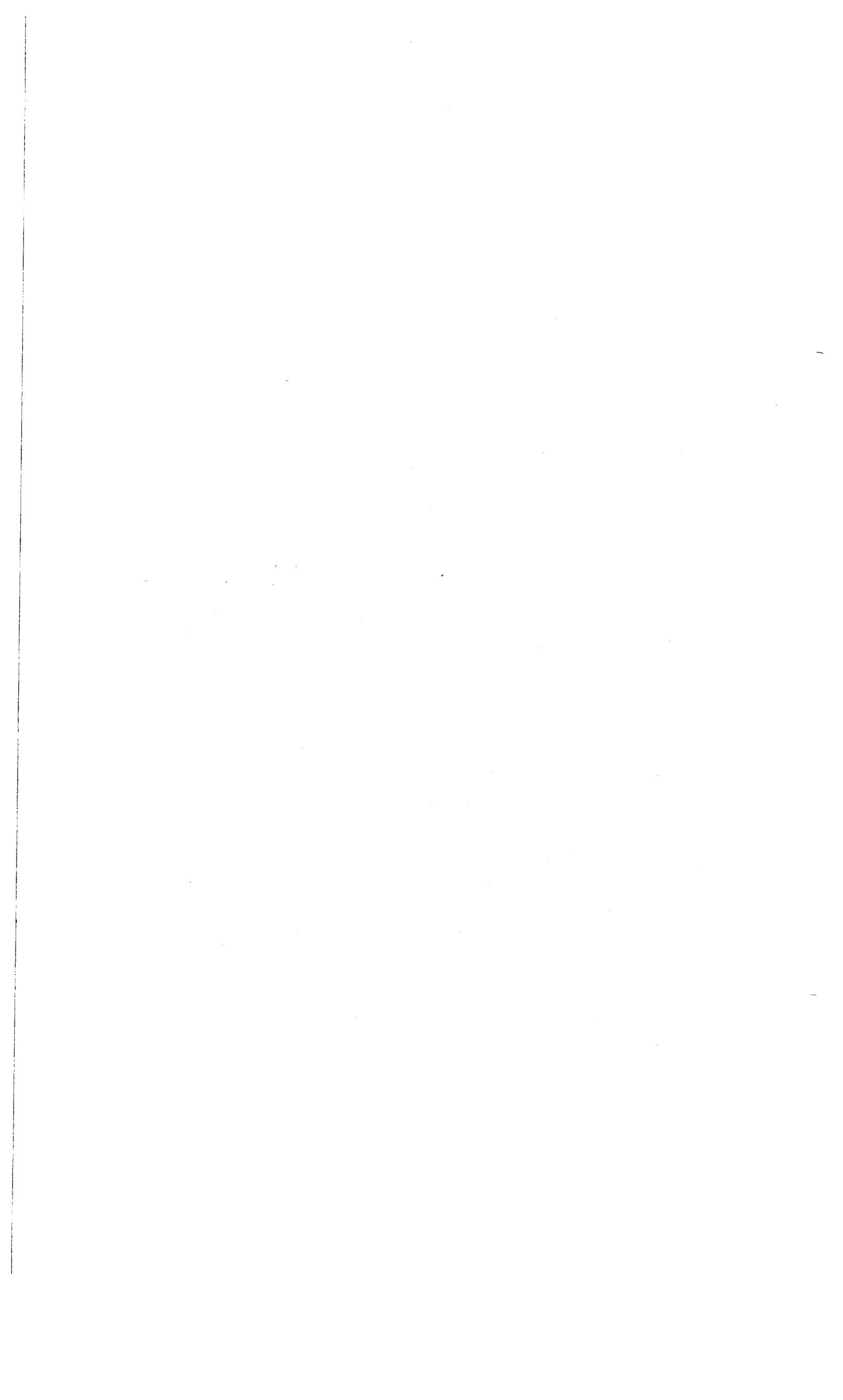
(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Layton Enterprises, Inc., seeks authority to institute a waterflood project on its Todd Lower San Andres Unit Area, Todd-Lower San Andres Pool, by the injection of water into the San Andres formation through four injection wells in Sections 30, 31 and 32 of its Todd Lower San Andres Unit in Township 7 South, Range 36 East, NMPM, Roosevelt County, New Mexico.

(3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(4) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) 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.

(6) That the injection wells or injection pressurization system should be so equipped as to limit injection pressure at the wellhead to no more than 850 psi, but the Division Director should have authority to increase said pressure limitation, should circumstances warrant.

(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 Division Rules and Regulations.

IT IS THEREFORE ORDERED:

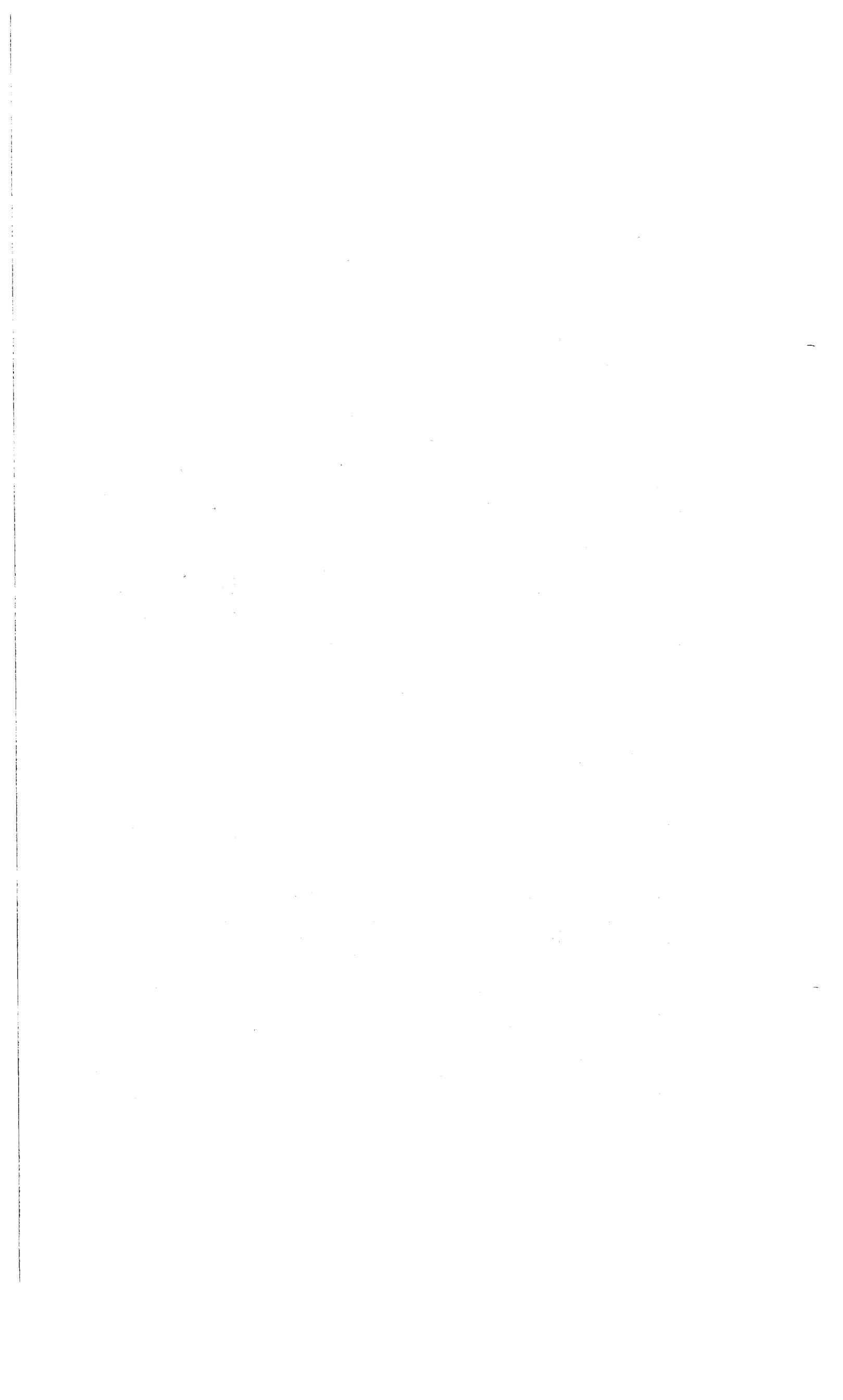
(1) That the applicant, Layton Enterprises, Inc., is hereby authorized to institute a waterflood project on its Todd Lower San Andres Unit Area, Todd-Lower San Andres Pool, by the injection of water into the San Andres formation through the following-described wells in Township 7 South, Range 36 East, NMPM, Roosevelt County, New Mexico:

<u>Lease Name</u>	<u>Well No.</u>	<u>Unit Letter</u>	<u>Section</u>
Livaudias	7	I	30
Hobbs "R"	1	C	31
Atlantic-Smith	2	I	31
Gates State	2	C	32

(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 pressure gauge or attention-attracting leak detection device.

(3) That the operator shall immediately notify the supervisor of the Division's Hobbs district office of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from or 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 injection wells herein authorized and/or the injection pressurization system shall be so equipped as to limit injection pressure at the wellhead to no more than 850 psi,



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provided however, the Division Director may authorize a higher surface injection pressure upon satisfactory showing that such pressure will not result in fracturing of the confining strata.

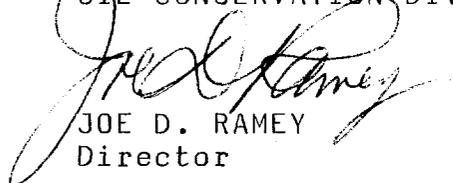
(5) That the subject waterflood project is hereby designated the Layton Todd Lower San Andres Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Division Rules and Regulations.

(6) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Division in accordance with Rules 704 and 1115 of the Division Rules and Regulations.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

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