

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



Administrative Order WFX-932
August 28, 2014

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Orders R-4019 and R-4020, Legacy Reserves Operating, LP, (OGRID No. 240974) has made application to the Division for permission to add one additional injection well to its Cooper Jal Unit Waterflood Project located within the Jalmat; Tansill-Yates-Seven Rivers (Pool code 33820) and Langlie Mattix; Seven Rivers-Queen-Grayburg Pools (Pool code 37240) in Lea County, New Mexico. This well is being proposed as a corner injection well for a five-spot, 20-acre flood pattern in the Project. The well is to inject into the stratigraphic equivalent of the unitized interval as described in Division Order R-4020.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8B NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections remain outstanding. The proposed well is eligible for conversion to injection under the terms of that rule. The applicant has presented satisfactory evidence that all requirements prescribed in Division Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Division Rule 19.15.5.9 NMAC.

It is our understanding that this well has completed for production in only the Jalmat; Tansill-Yates-Seven Rivers Pool. With approval of this Order and prior Division Order R-9983, this well will be deepened to include the Langlie Mattix; Seven Rivers-Queen-Grayburg Pool for injection purposes only. Based on operation of adjacent wells, there is no evidence of any incompatibility between the Jalmat Pool, the upper production zone, and the Langlie Mattix Pool, the lower production zone.

The proposed expansion of the above-referenced waterflood project, will prevent waste, is in the best interests of conservation, will not impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED THAT:

Legacy Reserves Operating, LP, as operator, is hereby authorized to inject water into the following well for the purpose of secondary recovery through plastic or fiberglass lined tubing set into a packer:

API	Well No.	Unit	Sec	Twp	Rng	Footage N/S	Footage E/W
30-025-09626	Cooper Jal Unit Well No. 217	N	24	24 S	36 E	990 FSL	2310 FWL

The approved injection interval for this well is from 2998 feet to 3780 feet which **includes the deepening of the open-hole interval to a depth of 3780 feet**. The approved maximum surface tubing injection pressure shall be determined by the administrative pressure gradient of 0.2 psi per foot and shall be no more than **600 psi**. The operator shall set the injection packer no more than 100 feet above the top of the open-hole injection interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected fluid enters only the approved injection interval and **is not permitted to escape to other formations** or onto the surface.

After installing tubing, 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 casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing injection and prior to resuming injection each time any injection packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on this well shall be limited to the approved maximum surface tubing injection pressure listed above. In addition, the injection well or header system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressures to the maximum allowable pressures for this well.

Subject to the limitations within the hearing order permitting this project, the Division Director may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluids from the approved injection interval. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District I office of the date and time of the installation of injection equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of injection to the Division's District office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's District I

office of any failure of the tubing, casing or packer in the approved injection well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

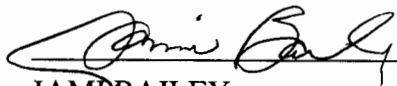
The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection permit after notice and hearing if the operator is in violation of Division Rule 19.15.5.9 NMAC.

Compliance with this Order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

The subject well shall be governed by all provisions of Division Order Nos. R-4019 and R-4020, and Division Rules 19.15.26.9 NMAC through 19.15.26.13 NMAC not inconsistent herewith.

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 or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.



JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Hobbs District Office
Case No. 4404