



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER NO. WFX-794

APPLICATION OF XTO ENERGY, INC. TO EXPAND ITS WATERFLOOD PROJECT IN THE MALJAMAR GRAYBURG-SAN ANDRES POOL IN LEA COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-3134, XTO Energy, Inc. has made application to the Division on August 15, 2003 for permission to expand its Southeast Maljamar Grayburg-San Andres Unit Waterflood Project in the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The original application was filed in due form.
- (2) Satisfactory information was provided that all offset operators had been duly notified of the application.
- (3) No objection had been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection well is eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced waterflood project will not cause waste nor impair correlative rights.
- (6) The application for reinstatement should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, XTO Energy, Inc., is hereby authorized to inject water into the Grayburg-San Andres formations through perforations at approximately 4,226 feet to approximately 4,425 feet using 2-3/8-inch plastic lined tubing set in a packer located within 100 feet of the uppermost injection perforations in the following described well for purposes of secondary recovery, to wit:

SEMGS AU Well No.145

Unit 'O' of Section 30, Township 17 South, Range 33 East

Injection Interval: 4,226 feet to 4,425 feet

Maximum Surface Injection Pressure: 845 psi

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 preparation and prior to any injection, the following repairs shall be made to ConocoPhillips' Pearl "B" Well No. 3 API: 30-025-08338 located 685 feet from the South line and 2,050 feet from the West line of Section 30, Township 17 South, Range 33 East, NMPM, Lea County. The Hobbs District office of the Division shall be notified prior to operations on this well. A Cement Bond Log shall be run and supplied to the Hobbs District Office. If the existing cement bond does not at least reach 3,500 feet, the 7 inch casing shall be squeeze cemented first; (i) beginning above the cement top bringing cement to at least the base of the salt; and (ii) beginning at the anhydrite above the salt and circulating to the surface covering all fresh water sands. If the bond log shows adequate cement to at least 3,500 feet, then the 7-inch casing shall be squeeze cemented beginning at the anhydrite above the salt and circulating to the surface covering all fresh water sands.

Prior to commencing injection operations into the well, 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 at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure to 0.2 psi per foot of depth to the uppermost injection perforations of the 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 upper Grayburg-San Andres formations. 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 test 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 well and shall take such steps as may be timely and necessary to correct such failure or leakage.

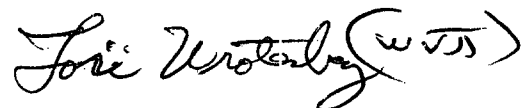
The subject well shall be governed by all provisions of Division Order No. R-3134, as amended and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 well, 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 29th day of September 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

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LW/wvjj

cc: Oil Conservation Division – Hobbs
Bureau of Land Management - Roswell
Case File No. 3462