

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

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SANTA FE, NEW MEXICO 87504
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ADMINISTRATIVE ORDER NO. WFX-610

*APPLICATION OF CIRCLE RIDGE PRODUCTION, INC TO EXPAND ITS
WATERFLOOD PROJECT IN THE CAPROCK QUEEN POOL IN LEA COUNTY, NEW
MEXICO*

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-1128, as amended, Circle Ridge Production, Inc. has made application to the Division on July 10, 1991, for permission to expand its Drickey Queen Sand Unit Waterflood Project in the Caprock Queen Pool in Chaves County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided that all offset operators have been duly notified of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection well is eligible for conversion to water 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 should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Circle Ridge Production, Inc., be and the same is hereby authorized to inject water into the Queen formation at approximately 2860 feet to approximately 2881 feet through 2-7/8 inch plastic lined tubing set in a packer at approximately 2750 feet in the following described well for purposes of secondary recovery to wit:

Drickey Queen Sand Unit Tract 24 No. 1
660' FNL & 660' FEL (Unit A)
Section 16, Township 14 South, Range 31 East, NMPM
Chaves County, New Mexico

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.

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 on the injection well to no more than 572 psi.

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 Queen 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 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.

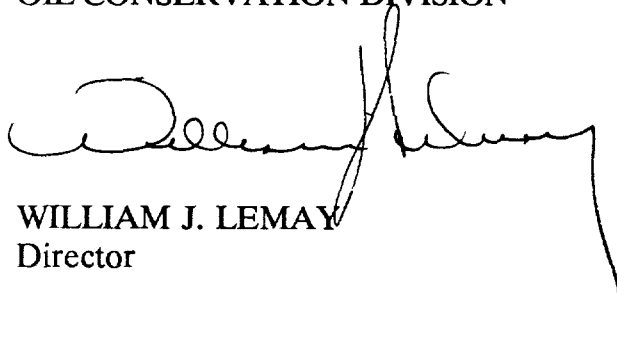
The subject well shall be governed by all provisions of Division Order No. R-1128, as amended and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

DONE at Santa Fe, New Mexico, on this 27 day of August, 1991.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director