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GOVERNOR

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CABINET SECRETARY

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



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SANTA FE, NEW MEXICO 87504
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ADMINISTRATIVE ORDER NO. WFX-651

**APPLICATION OF GIANT EXPLORATION & PRODUCTION, INC. TO EXPAND ITS
CENTRAL BISTI UNIT WATERFLOOD PROJECT IN THE LOWER GALLUP OIL
POOL IN SAN JUAN COUNTY, NEW MEXICO**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-1636-A, Giant Exploration & Production, Inc. has made application to the Division on October 8, 1993 for permission to expand its Central Bisti Unit Waterflood Project in the Lower Gallup Oil Pool in San Juan 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 wells is eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced Central Bisti Unit Waterflood Project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Giant Exploration & Production, Inc., be and the same is hereby authorized to inject water into the Lower Gallup Sand formation at approximately 4763 feet to approximately 4830 feet through 2 3/8-inch plastic lined tubing set in a packer within 100 feet of the uppermost injection perforations in the wells further described in Exhibit "A" for purposes of secondary recovery.

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 wells and within sixty days of the date of this order, the casing in each well shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

Prior to commencing injection operations into the Central Bisti Unit Well No. 29, the perforated intervals from 4792 feet to 4859 feet shall be cement squeezed in a manner approved by the supervisor of the Aztec District Office.

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 wells or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection wells to no more than .2 psi/ft. of depth to the uppermost injection perforation.

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

The operator shall immediately notify the supervisor of the Aztec district office of the Division of the failure of the tubing, casing or packer in said wells and shall take such steps as may be timely and necessary to correct such failure or leakage.

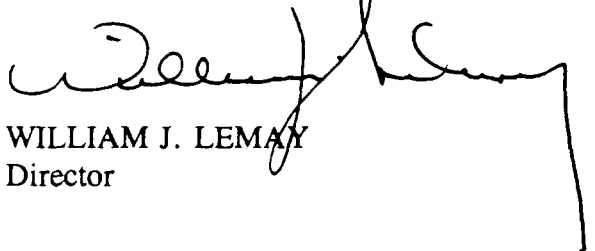
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The subject wells shall be governed by all provisions of Division Order No. R-1636-A, as amended and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 21th day of December, 1993.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Aztec

EXHIBIT "A"
DIVISION ORDER NO. WFX-651
CENTRAL BISTI UNIT WATERFLOOD
SAN JUAN COUNTY, NEW MEXICO
APPROVED INJECTION WELLS

<i>Well No.</i>	<i>Location</i>	<i>Unit</i>	<i>S-T-R</i>	<i>Injection Perforations</i>	<i>Packer Depth</i>	<i>Tubing Size</i>	<i>Injection Pressure</i>
29	1980' FSL - 660' FEL	I	8-25N-12W	4763' - 4782'	4663'	2 3/8"	953 psig
63	1980' FNL - 660' FWL	E	8-25N-12W	4806' - 4816'	4708'	2 3/8"	962 psig
77	660' FSL - 660' FEL	P	6-25N-12W	4812' - 4830'	4712'	2 3/8"	962 psig