



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87506
(505) 827-7131

ADMINISTRATIVE ORDER NO. WFX-691

**APPLICATION OF YATES DRILLING COMPANY TO EXPAND ITS WATERFLOOD
PROJECT IN THE SOUTHEAST CHAVES-QUEEN GAS AREA ASSOCIATED POOL IN
CHAVES COUNTY, NEW MEXICO**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-9075-B, as amended, Yates Drilling Company has made application to the Division on July 17, 1996 for permission to expand its Cactus Queen (Voluntary) Unit Waterflood Project in the Southeast Chaves-Queen Gas Area Associated 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 expansion of the above referenced waterflood project will not cause waste nor impair correlative rights.
- (5) The subject well is located within an approved Enhanced Oil Recovery Project area and shall qualify for applicable tax credits under such project.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Yates Drilling Company, be and the same is hereby authorized to inject water into the Queen formation at approximately 2760 feet to approximately 2765 feet through 2 3/8-inch plastic lined tubing set in a packer located at approximately 2710 feet in the following described well for purposes of secondary recovery to wit:

Cactus Queen Unit Well No.14
990' FSL and 1650' FWL - Unit Letter 'N',
Section 34, Township 12 South, Range 31 East,
Chaves County, New Mexico
Maximum Injection Pressure: 552 psig

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 to no more than .2 psi per foot of depth to the uppermost injection interval.

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 tests 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.

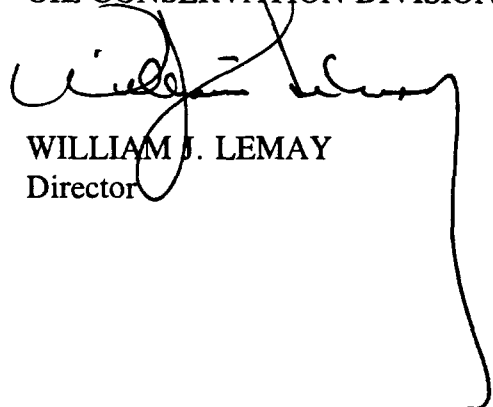
The subject well shall be governed by all provisions of Division Order No. R-9075-B, as amended and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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.

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 26th day of August, 1996.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/BES

cc: Oil Conservation Division - Hobbs
File: Case No.9810; EOR-4