



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER NO. WFX-743

***APPLICATION OF MARBOB ENERGY CORPORATION TO EXPAND ITS
WATERFLOOD PROJECT IN THE GRAYBURG JACKSON POOL IN EDDY
COUNTY, NEW MEXICO.***

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-7900 as amended, Marbob Energy Corporation has made application to the Division on October 14, 1998 for permission to expand its Burch Keely Unit Waterflood Project in the Grayburg Jackson Pool in Eddy 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 are 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 should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Marbob Energy Corporation, be and the same is hereby authorized to inject water into the Grayburg and San Andres formations at approximately 4128 feet to approximately 4652 feet through 2 3/8-inch plastic or fiberglass lined tubing set in a packer located within 100 feet of the uppermost injection perforations in the following described wells for purposes of secondary recovery to wit:

Burch Keely Unit Well No.104

API No.30-015-04210
330' FSL & 1650' FWL – Unit 'N', Section 19
Injection Interval: 2940 feet to 3440 feet
Packer Setting: 2930 feet
Maximum Injection Pressure: 588 psig

Burch Keely Unit Well No.142

API No.30-015-04388
660' FNL & 660' FWL – Unit 'D', Section 30
Injection Interval: 3110 feet to 3500 feet
Packer Setting: 3100 feet
Maximum Injection Pressure: 622 psig

Burch Keely Unit Well No.146

API No.30-015-04394
660' FNL & 1980' FEL – Unit 'B', Section 30
Injection Interval: 2975 feet to 3445 feet
Packer Setting: 2925 feet
Maximum Injection Pressure: 595 psig

All in Township 17 South, Range 30 East, Eddy County, New Mexico.

IT IS FURTHER ORDERED THAT:

Prior to commencing injection operations into wells number 104 and 146, the operator shall run 5 ½ inch casing cemented with 250 sacks in both. The approximate injection intervals indicated above shall then be selectively perforated.

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 wells to no greater than .2 psi per foot of depth to the uppermost injection perforations or casing shoe.

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 Grayburg or 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 Artesia 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 Artesia 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.

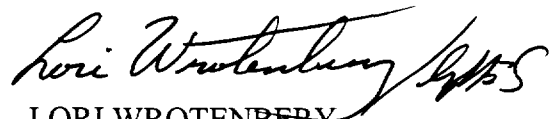
The subject wells shall be governed by all provisions of Division Order No. R-7900 as amended, and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 wells, 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 October, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L

LW/BES/kv

cc: Oil Conservation Division - Artesia
Case File No.8418