



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-749

***APPLICATION OF CONOCO, INC. TO EXPAND ITS WATERFLOOD PROJECT IN THE
WARREN MCKEE POOL IN LEA COUNTY, NEW MEXICO***

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-5631 as amended, Conoco, Inc. has made application to the Division on December 4, 1998 for permission to reinstate its Southeast Monument Unit Waterflood Project in the Warren McKee 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 wells are eligible for reinstatement of injection authority.
- (5) The proposed reinstatement 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, Conoco, Inc., be and the same is hereby authorized to inject water into the McKee formation at approximately 8980 feet to approximately 9166 feet through 2 3/8-inch plastic 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:

Southeast Monument Unit Well No.60

Unit 'E' of Section 29, Township 20 South, Range 38 East
Injection Interval: 8980 feet to 9098 feet
Maximum Injection Pressure: 1796 psi

Southeast Monument Unit Well No.62

Unit 'E' of Section 20, Township 20 South, Range 38 East
Injection Interval: 9067 feet to 9166 feet
Maximum Injection Pressure: 1813 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.

Prior to commencing injection operations into the wells, 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 .2 psi per foot of depth to the uppermost injection perforations of each well.

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 McKee 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 wells and shall take such steps as may be timely and necessary to correct such failure or leakage.

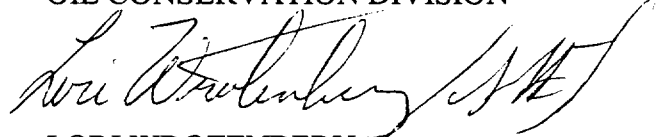
The subject wells shall be governed by all provisions of Division Order No. R-5631, as amended and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 19th day of January, 1999.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

S E A L

LW/BES/kv

cc: Oil Conservation Division - Hobbs
Bureau of Land Management - Carlsbad
Case File No.6131