



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-751

**APPLICATION OF PENROC OIL CORPORATION TO EXPAND ITS WATERFLOOD
PROJECT IN THE EUMONT OIL POOL IN LEA COUNTY, NEW MEXICO**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-9556, Penroc Oil Corporation has made application to the Division on March 12, 1999 for permission to expand its Eumont Federal 'D' Pilot Waterflood Project in the Eumont Oil 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 well 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, Penroc Oil Corporation, be and the same is hereby authorized to inject water into the upper Queen formation through perforations at approximately 3912 feet to approximately 4060 feet using 2 7/8-inch plastic lined tubing set in a packer located within 100 feet of the uppermost injection perforations in the following described well for purposes of secondary recovery, to wit:

Eumont Federal 'D' Well No.3
Unit 'H' of Section 27, Township 20 South, Range 36 East
Injection Interval: 3912 feet to 4060 feet
Maximum Injection Pressure: 782 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 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 .2 psi per foot of depth to the uppermost injection perforations of the well.

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 upper 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.

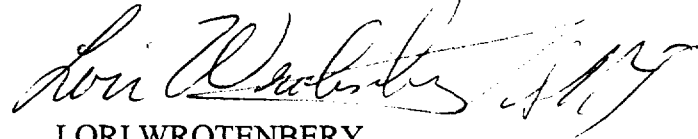
The subject well shall be governed by all provisions of Division Order No. R-9556, as amended and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 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 31st day of March, 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.10347