



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

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ADMINISTRATIVE ORDER NO. PMX-165

**APPLICATION OF DUGAN PRODUCTION CORPORATION TO EXPAND ITS
PRESSURE MAINTENANCE PROJECT IN THE BISTI LOWER GALLUP POOL IN SAN
JUAN COUNTY, NEW MEXICO**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-1638, Dugan Production Corporation has made application to the Division on November 27, 1990 for permission to expand its West Bisti Pressure Maintenance Project in the Bisti Lower Gallup Pool in San Juan County, New Mexico.

NOW, on this 8th day of February, 1991, 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 well is eligible for conversion to water injection under the terms of Rule 701.
- (5) The proposed expansion of the above-referenced pressure maintenance project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Dugan Production Corporation, be and the same is hereby authorized to inject water into the Lower Gallup formation at approximately 4966 feet to approximately 4988 feet through 2 3/8-inch plastic lined tubing set in a packer at approximately 4900 feet in the following described well for purposes of pressure maintenance to wit:

West Bisti Unit Well No. 135
1650' FSL & 1650' FWL (Unit K)
Section 26, Township 26 North, Range 13 West, NMPM,
San Juan County, New Mexico.

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 on the injection well to no more than 993 psi.

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 Lower Gallup 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 test 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 well and shall take such steps as may be timely and necessary to correct such failure or leakage.

Administrative Order PMX-165
Dugan Production Company
February 8, 1991
Page 3

The subject well shall be governed by all provisions of Division Order No. R-1638 and Rules 701-708 of the Division Rules and Regulations not inconsistent herewith.

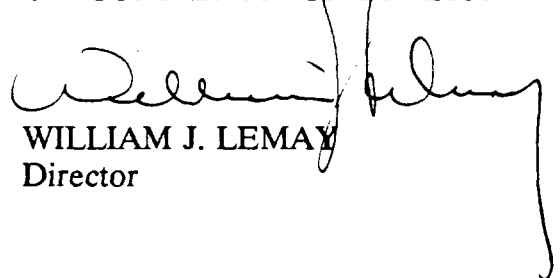
Prior to commencing injection operations into the well, the applicant shall be required to obtain the appropriate Federal and/or Indian injection permits in accordance with the requirements of 40 CFR Part 147.

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 operator shall submit monthly progress reports of the project in accordance with Rules 706 and 1115 of the Division Rules and Regulations.

Approved at Santa Fe, New Mexico, on this 8th day of February, 1991.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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