



**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. PMX-201

***APPLICATION OF ALTURA ENERGY, LTD TO EXPAND ITS PRESSURE
MAINTENANCE PROJECT IN THE HOBBS GRAYBURG-SAN ANDRES POOL IN
LEA COUNTY, NEW MEXICO***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-6199, Altura Energy, LTD has made application to the Division on November 22, 1999 for permission to expand its North Hobbs Grayburg-San Andres Unit Pressure Maintenance Project in the Hobbs Grayburg-San Andres Pool in Lea 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 pressure maintenance project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Altura Energy, LTD, be and the same is hereby authorized to inject water into the Grayburg and San Andres formations at approximately 4000 feet to approximately 4350 feet through 2 7/8-inch plastic or fiberglass lined tubing set in a packer located approximately 100 feet above the uppermost injection perforations in the following described wells for purposes of pressure maintenance to wit:

North Hobbs (Grayburg/San Andres) Unit Well No.241
(API No. 30-025-07437)

348 FSL & 2307 FWL, Unit N, Section 29
Injection Interval 4000 feet to 4300 feet
Maximum Injection Pressure - 800 psig

North Hobbs (Grayburg/San Andres) Unit Well No.313
(API No. 30-025-23270)

408 FNL & 2273 FEL, Unit 'B', Section 30
Injection Interval 4000 feet to 4350 feet
Maximum Injection Pressure - 800 psig

located in Township 18 South, Range 38 East, NMPM,
Lea County, New Mexico.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected fluid enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations, 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 wells or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection wells to no more than .2 psi per foot of depth to the uppermost injection perforation.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator that such higher pressure will not result in migration of the injected fluid from the Grayburg or San Andres formations.

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.

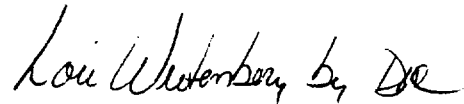
The subject wells shall be governed by all provisions of Division Order No. R-6199 and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 for the wells granted herein, shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the 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 7th day of December, 1999.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
DIRECTOR

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LW/MWA/kv

cc: Oil Conservation Division - Hobbs