



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER NO. WFX-763

***APPLICATION OF THE W.A. & E.R. HUDSON, INC. TO EXPAND ITS WATERFLOOD
PROJECT IN THE MALJAMAR GRAYBURG-SAN ANDRES POOL IN EDDY COUNTY,
NEW MEXICO***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Orders No. R-2239, W.A. & E.R. Hudson, Inc. has made application to the Division on July 13, 2000 for permission to expand its Puckett Waterflood Project in the Maljamar Grayburg-San Andres 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.
- (7) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, W.A. & E.R. Hudson, Inc. be and the same is hereby authorized to inject water into the Grayburg and San Andres formations at approximately 3,320 feet to approximately 3,974 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 well for purposes of secondary recovery to wit:

Puckett-Federal Well No. A-10

API No. 30-015-05386

1980 FNL & 660 FWL, Unit 'E', Section 24

Injection Interval: 3,346 feet to 3,418 feet (Perforated)

3,475 feet to 3,974 feet (Openhole)

Maximum Injection Pressure: (.2 psi/ft) 669 psig

Puckett-Federal Well No. A-13

API No. 30-015-05376

660 FNL & 660 FWL, Unit 'D', Section 24

Injection Interval: 3,320 feet to 3,325 feet (Perforated)

3,380 feet to 3,930 feet (Openhole)

Maximum Injection Pressure: (.2 psi/ft) 664 psig

Puckett-Federal Well No. A-14

API No. 30-015-05135

660 FSL & 660 FWL, Unit 'M', Section 13

Injection Interval: 3,394 feet to 3,929 feet (Openhole)

Maximum Injection Pressure: (.2 psi/ft) 679 psig

Puckett-Federal Well No. B-15

API No. 30-015-05405

1980 FNL & 660 FWL, Unit 'E', Section 25

Injection Interval: 3,424 feet to 3,798 feet

Maximum Injection Pressure: (.2 psi/ft) 685 psig

Located Township 17 South, Range 31 East, Eddy 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 .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 of said well that such higher pressure will not result in migration of the injected fluid from the Grayburg and 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 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 Orders No. R-2239 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.

Administrative Order WFX-763

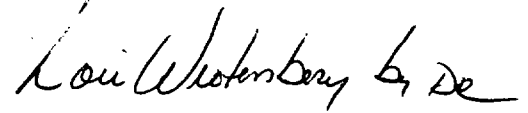
W.A. & E.R. Hudson, Inc.

July 28, 2000

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DONE at Santa Fe, New Mexico, on this 28th day of July, 2000.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a stylized "LW" monogram.

LORI WROTENBERY
Director

S E A L

LW/MWA/kv

cc: Oil Conservation Division - Artesia
Case File No. 2536 (Order No. R-2239)