

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

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:)

CASE NO. 12,614

APPLICATION OF ENERGEN RESOURCES)
CORPORATION FOR AUTHORIZATION TO)
EXPAND WATERFLOOD INJECTION OPERATIONS)
IN THE LANGLIE LYNN QUEEN UNIT,)
LEA COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

March 8th, 2001

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, March 8th, 2001, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

OIL CONSERVATION DIV.
01 MAR 22 AM 8:05

I N D E X

March 8th, 2001
Examiner Hearing
CASE NO. 12,614

PAGE

REPORTER'S CERTIFICATE

5

* * *

A P P E A R A N C E S

FOR THE DIVISION:

HARRY NUTTER
Attorney at Law
Legal Counsel to the Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

MILLER, STRATVERT and TORGERSON, P.A.
150 Washington
Suite 300
Santa Fe, New Mexico 87501
By: J. SCOTT HALL

* * *

1 WHEREUPON, the following proceedings were had at
2 9:04 a.m.:

3 EXAMINER STOGNER: At this time I will call Case
4 Number 12,614, which is the Application of Energen
5 Resources Corporation for authorization to expand
6 waterflood injection operations in the Langlie Lynn Queen
7 Unit, Lea County, New Mexico.

8 At this time I'll call for appearances.

9 MR. HALL: Mr. Examiner, Scott Hall, Miller
10 Stratvert Torgerson, Santa Fe, on behalf of Energen
11 Resources Corporation.

12 EXAMINER STOGNER: Any other appearances?

13 Mr. Hall?

14 MR. HALL: Mr. Examiner, this case was renoticed
15 and readvertised at the request of Examiner Catanach.
16 Pursuant to that notice, no objections were received from
17 any interest owner or operator within the half-mile area of
18 review.

19 Accordingly, we ask that the matter be taken
20 under advisement. The matter is submitted for
21 administrative approval, and we so submit the case for your
22 approval, Mr. Examiner.

23 EXAMINER STOGNER: Okay, when you say that this
24 was renoticed and readvertised, that was not for a
25 particular case but for the Application itself?

1 MR. HALL: Yes, we simply repeated the previous
2 notice and advertisement.

3 EXAMINER STOGNER: Okay. And at this time I
4 believe the Division is to what? Take this under
5 advisement, and Mr. Catanach would then write --
6 essentially write an administrative order?

7 MR. HALL: Correct.

8 EXAMINER STOGNER: Okay, under the procedure of
9 notice requiring hearings.

10 MR. HALL: Yes.

11 EXAMINER STOGNER: I'll note also that this case
12 was also advertised in the absence objection that this case
13 would be taken under advisement. I'm sorry I missed that.

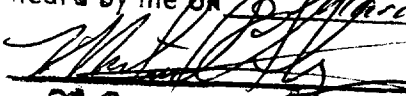
14 Okay, since there's nothing further in Case
15 12,614, then this matter will be taken under advisement.

16 Thank you, Mr. Hall.

17 MR. HALL: Thank you, Mr. Examiner.

18 (Thereupon, these proceedings were concluded at
19 9:06 a.m.)

20 * * *

21
22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the Examiner hearing of Case No. 12614,
25 heard by me on 8 March 2007
, Examiner
Of Conservation Division

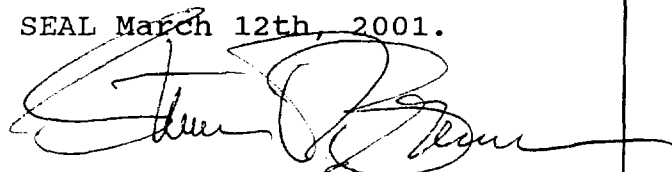
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL March 12th, 2001.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4839
Order No. R-4416

APPLICATION OF CONTINENTAL OIL
COMPANY FOR APPROVAL OF THE
LANGLIE LYNN (QUEEN) UNIT
AGREEMENT, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
October 4, 1972, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this 10th day of October, 1972, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Continental Oil Company, seeks
approval of the Langlie Lynn (Queen) Unit Agreement covering
760 acres, more or less, of State and Federal lands described
as follows:

LEA COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM
Section 22: SE/4
Section 23: SW/4 and W/2 SE/4
Section 26: W/2 NE/4, N/2 SW/4 and NW/4
Section 27: NE/4 NE/4

(3) That approval of the proposed unit agreement should
promote the prevention of waste and the protection of correla-
tive rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Langlie Lynn (Queen) Unit Agreement is hereby
approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

BRUCE KING, Chairman

ALEX J. ARMIJO, Member

S E A L

dr/

A. L. PORTER, Jr., Member & Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4840
Order No. R-4417

APPLICATION OF CONTINENTAL OIL
COMPANY FOR A WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 4, 1972,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of October, 1972, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Continental Oil Company, seeks
authority to institute a waterflood project in the Langlie
Lynn (Queen) Unit Area, Langlie-Mattix Pool, by the injection
of water into the Seven Rivers and Queen formations through
nine injection wells in Sections 22, 23, 26 and 27, Township 23
South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That the wells in the project area are in an advanced
state of depletion and should properly be classified as "stripper"
wells.

(4) That the proposed waterflood project should result
in the recovery of otherwise unrecoverable oil, thereby pre-
venting waste.

(5) That the subject application should be approved and
the project should be governed by the provisions of Rules 701,
702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to institute a waterflood project in the Langlie Lynn (Queen) Unit Area, Langlie-Mattix Pool, by the injection of water into the Seven Rivers and Queen formations through the following-described wells in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico:

<u>Well Name</u>	<u>Unit</u>	<u>Section</u>
Shell Oil Company State "JK" Well No. 4	0	22
Gackle Oil Company Sinclair "A" State Well No. 7	0	23
Gackle Oil Company Sinclair "A" State Well No. 3	L	23
Continental Oil Company Lynn B-1 Well No. 15	L	26
Continental Oil Company Lynn B-1 Well No. 12	G	26
Continental Oil Company Lynn B-1 Well No. 11	K	26
Continental Oil Company Lynn B-1 Well No. 10	E	26
Continental Oil Company Lynn B-1 Well No. 9	B	26
Continental Oil Company Lynn B-1 Well No. 8	A	27

(2) That the subject waterflood project is hereby designated the Continental Langlie Lynn Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

BRUCE KING, Chairman

S E A L

ALEX J. ARMIJO, Member

dr/



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

ORDER NO. WFX-581

APPLICATION OF CONOCO, INC. TO EXPAND ITS WATERFLOOD PROJECT IN
THE LANGLIE MATTIX SEVEN RIVERS QUEEN GRAYBURG POOL IN LEA COUNTY,
NEW MEXICO

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-4417, Conoco, Inc. has made application to the Division on May 1, 1989 for permission to expand its Langlie-Lynn Queen Unit Waterflood Project in the Langlie Mattix Seven Rivers Queen Grayburg Pool in Lea County, New Mexico.

NOW, on this 16th day of May, 1989, 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 waterflood project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Conoco, Inc., be and the same is hereby authorized to inject water into the Seven Rivers and Queen formations at approximately 3450 feet to approximately 3600 feet through 2 3/8-inch plastic lined tubing set in a packer at approximately 3450 feet in the following described well for purposes of secondary recovery to wit:

Langlie Lynn Queen Unit Well No. 5
1980 FSL & 1980 FEL (Unit J)
Section 23, T-23 South, R-36 East, NMPM,
Lea County, New Mexico.

Administrative Order WFX-581

Conoco, Inc.

May 16, 1989

Page 2

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 690 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 Seven Rivers & Queen 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 Hobbs district office of the Division of the date and time of the installation of disposal 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-4417 and rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

Administrative Order WFX-581
Conoco, Inc.
May 16, 1989
Page 3

Approved at Santa Fe, New Mexico, on this 16th day of May, 1989.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', written over the printed name.

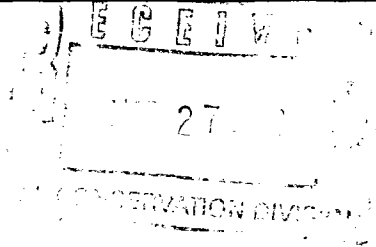
WILLIAM J. LEMAY
Director

S E A L

LANEXCO, INC.

1105 West Kansas
Address Line 2
Jal, New Mexico 88252

Phone 505/395-3056
Fax 505/395-3205



March 23, 2000

CERTIFIED

Mr. David Catanach
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Energen Resources Corporation
Application to Inject Fluid Into a Reservoir Productive of Oil or Gas
Langlie Lynn #3, 5, 7, 9, 12, 14, 16, 18, 23
Langlie Lynn Unit, Langlie Mattix Field, Lea County, New Mexico

Case 12614

Dear Mr. Catanach,

Lanexco, Inc. as an offset operator respectfully & STRONGLY objects and request a hearing on the above captioned Wells from Energen Resources Corporation for authority to inject fluids into the Seven Rivers-Queen-Grayburg Formation.

The above Langlie Lynn Unit was formally operated by Conoco, Inc. and in May of 1990 their Langlie Lynn Qu Unit #1 Sec 22 T23S R36E Unit J shortly after injection, infiltrated into Lanexco, Inc. Well the El Paso State #1 Sec 22 T23S R36E producing from the Jalmat Pool (yates-seven rivers Formation). The perforated interval on this well is 3045' to 3548'. Conoco, Inc. and Lanexco, Inc. met with the Hobbs Oil Commission and the decision was made that Conoco would shut down the injection of its LLU #1 for Lanexco to test the El Paso State Well and shortly thereafter entered into Litigation.

After Litigation between Lanexco and Conoco was settled, Conoco agreed to pay certain damages without admitting blame and to plug their LLU #1 in July of 1992. Lanexco, Inc. has been pumping the El Paso State #1 from the date of water invasion to the present time of this letter.

Energen reentered the LLU # 1 in Jan. 2000 and replugged the well. In Feb. 2000 Energen drilled a replacement Well the Langlie Lynn Unit #23 approximately 300' west of Lanexco's El Paso State #1 Well. I believe the same invasion problem will result in this case causing Lanexco to again enter into Litigation.

Please contact me if you have any questions or need additional information.

Sincerely,

Robert W. Lansford, President

cc: Hobbs Oil Commission
Energen-Mr. Ken Gray

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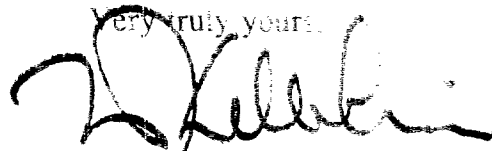
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100-1000000

Mark Ashley
April 25, 2000
-Page 2-

Energen's Unit Well No. 23 is only 300 feet west of the Lanexco well and as a result of Lanexco's objection, by letter dated April 20, 2000, Energen withdrew its application for this well but incorrectly stated that Lanexco's objection was limited only to Unit Well No. 23. I wish to inform you that Lanexco continues to be concerned about the probability that water injected by Energen in any injection well in its Langlie Lynn Queen Unit will adversely affect Lanexco's well.

Because Division rules only allow Lanexco an opportunity to object to those injection wells within one-half mile, Lanexco requests that the Division set a hearing concerning Energen's proposed use of Unit Wells 3 and 9 for injection.

Very truly yours,

W. Thomas Kellarin

cfx: Lanexco, Inc.
Attn: Robert Larsford
(505) 395-3205
Energen Resources, Inc.
Attn: Kenneth Gray
(915) 687-1155

MILLER, STRATVERT & TORGERSO, P. A.
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FACSIMILE TRANSMISSION COVER SHEET

DATE: December 13, 2000

TO: Mark Ashley

FAX NO.: 827-8177

FROM: J. Scott Hall, Esq.

OPERATOR: Amanda Olsen

MESSAGE:

NUMBER OF PAGES INCLUDING COVER SHEET: 3

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PLEASE REPLY TO SANTA FE

* NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL & GAS LAW
** NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW

December 13, 2000

BY FACSIMILE TRANSMISSION: 827-8177

Mr. Mark Ashley
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Case 12614

Re: NMOCD Case No. (Administrative); Application of Energen Resources Corporation for
Authorization To Inject, Langlie Lynn Queen Unit, Lea County, New Mexico

Dear Mr. Ashley:

On April 14, 2000, Energen Resources Corporation made administrative application for approval authorizing an expansion of injection operations in the Langlie Lynn Queen Unit pursuant to its existing authority under Injection Permit No. WFX -581. Following proper notice and advertisement, an objection was made by Lanexco, Inc. Lanexco objected to the utilization of Langlie Lynn Queen Unit wells No.s 23, 9 and 3, each of which were within one-half mile of Lanexco's El Paso State Well No. 1 located 1880' FSL and 1650' FEL of Section 22, T-23-S, R-36-E.

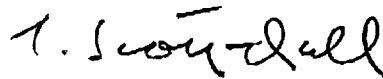
On April 20, 2000 Energen clarified with the Division and Lanexco that the No. 23 well was not included in Energen's application. Subsequently, on December 6, 2000 Energen advised the Division and Lanexco that Unit wells No.s 9 and 3 would be deleted from Energen's application. As a consequence of the deletion of these two wells, the area of review under Energen's application is no longer within a one-half mile radius of Lanexco's interests. Accordingly, Lanexco's objection is rendered moot and Energen's application may again be approved administratively without the need for hearing.

Mr. Mark Ashley
December 13, 2000
Page two

On behalf of the Applicant, we respectfully request that Energen's application for authorization to inject be considered for administrative approval at your earliest convenience.

Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.

A handwritten signature in dark ink, appearing to read "J. Scott Hall". The signature is fluid and cursive, with a prominent "J" and "S".

J. Scott Hall

JSH/ao

cc: Ken Gray
W. Thomas Kellahin, Attorney for Lanexco, Inc.

6621/24752/Letters/Ashley ltr.doc

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

December 14, 2000

Mr. Mark Ashley, Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Case 12614 Via Facsimile

*Application of Energen Resources Corporation
for administrative approval of additional
injection wells for its Langlie Lynn Queen Unit
Waterflood Project, Lea County, New Mexico*

Dear Mr. Ashley:

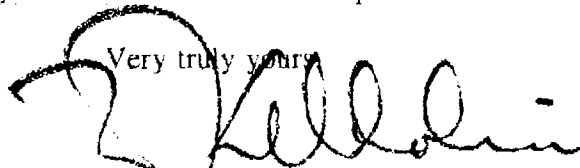
I represent Lanexco, Inc. ("Lanexco") who, on March 15, 2000, filed an objection to Energen Resources Corporation ("Energen") referenced application.

Now, after almost nine (9) months, by letter dated December 6, 2000, Energen advised you that it is withdrawing its request to use Wells 3 and 9 as injection wells and confirmed that it has already withdrawn its request to use Well No. 23 as an injection well.

This morning, I was able to speak to Mr. Robert Landsford of Lanexco who told me that Energen has now drilled these three wells. Also, this morning, I have been unsuccessful in trying to return Mr. Ken Gray's calls to me. However, I did speak to Mr. Scott Hall, Energen's attorney, and asked him to determine what Energen intends to do with these wells.

As Mr. Landsford has already told the Division, Lanexco's production was infiltrated by injection from this unit when it was operated by Conoco. Therefore, Lanexco will hold Energen strictly liable for any damages occurring from water injection into this unit regardless of whether Lanexco has standing before the Division to complain about this revised application.

Very truly yours,



W. Thomas Kellahein

cc: Lanexco, Inc.

Attn: Robert Lansford (505) 395-3205

Energen Resources, Inc.

Attn: Kenneth Gray (915) 687-1155

J. Scott Hall, Esq.

DOYLE HARTMAN

Oil Operator

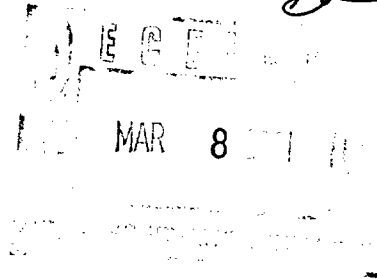
500 NORTH MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

(915) 682-7616 FAX



Via Hand Delivery and Certified Mail, Return Receipt Requested

March 5, 2001

CASE FILE -
12614

Energen Resources Corporation
3300 N. A St., Bldg. 4, Suite 100
Midland, TX 79705

Attn: Mike McLennan, General Manager of Operations
Ken Gray, Landman

Re: Energen Resources Corporation
Langlie Lynn Unit No. 3 Water Injection Well
Langlie Lynn Unit Waterflood Project
T-23-S, R-36-E
Lea County, New Mexico

Gentlemen:

We are currently in the process of performing a study of our 160-acre New Mexico "AA" State lease (**State of New Mexico Lease No. B-934**) consisting of the NE/4 Section 22, T-23-S, R-36-E, Lea County, New Mexico. Our study has also encompassed a review of offset wells.

In this regard, a review of recently-acquired records reveals that Energen performed a rework of its Langlie Lynn Unit No. 3 Langlie Mattix water injection well (L-23-23S-36E), in February, 2000, which included the addition of 184 new perforations, from 3490' to 3536', with the top of the newly perforated interval being at the boundary between the Langlie Mattix pool and the low-pressure Jalmat gas pool.

In recognition of the fact that (1) Energen's new Langlie Lynn Unit No. 3 perforations, which are to be subjected to high-pressure water injection, are immediately adjacent to the above-lying low-pressure Jalmat gas interval, and (2) we own diagonal Jalmat gas rights, in the NE/4 Section 22, T-23-S, R-36-E, this letter is our notice that we will expect Energen (at all times) to closely monitor its injection pressures and rates, and not lose high-pressure injection water out of zone, and into the adjacent low-pressure Jalmat interval, by exceeding the New Mexico Oil Conservation Division's

Energen Resources Corporation
March 5, 2001
Page 2

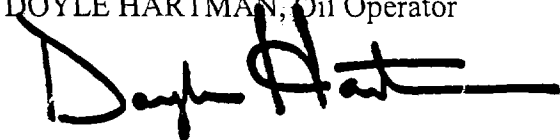
0.2 psi/ft surface injection pressure rule (New Mexico Oil Conservation Division Memo No. 3-77); i.e., by not injecting above the frac gradient, or above a surface pressure of 698 psi ($0.2 \text{ psi/ft} \times 3490 \text{ ft} = 698 \text{ psi}$).

Fortunately, as to the NE/4 Section 22, T-23-S, R-36-E, the low-pressure Jalmat interval does not appear, to date, to have been adversely impacted by any out-of-zone water injection. However, as an offset Jalmat gas owner, to Energen's Langlie Lynn Unit No. 3 water injection well, we want to ensure that Energen's high-pressure Langlie Mattix water injection is kept totally within the Langlie Mattix interval, and is not allowed to escape into the above-lying low-pressure Jalmat interval.

Therefore, we ask that Energen both closely monitor and properly regulate its water injection rates and surface injection pressures, to ensure that no injection water is lost out of zone, to the low-pressure Jalmat gas interval, as has previously occurred corresponding to the nearby Lanexco-operated El Paso State No. 1 Jalmat gas well situated in J-22-23S-36E, which is within the boundaries of the Langlie Lynn Unit waterflood.

Very truly yours,

DOYLE HARTMAN, Oil Operator



Doyle Hartman

rds
wp7\corresp.dh\energen.nm-aa-state

cc: Energen Resources Corporation
3300 N. A St., Bldg. 4, Suite 100
Midland, TX 79705
Attn: Terry Lawler, Production Superintendent
Sammy Reed, Production Superintendent
Denise Menoud, Production Tech

Lori Wrotenbury
New Mexico Oil Conservation Division
1220 S. Saint Francis Dr.
Santa Fe, NM 87505-4000



Energen Resources Corporation

March 5, 2001

Page 3

Chris Williams, Supervisor
New Mexico Oil Conservation Division
1625 French Dr.
Hobbs, NM 88240

New Mexico State Land Office
310 Old Santa Fe Trail (85701)
P.O. Box 1148
Santa Fe, NM 87504-1148
Attn: Ray B. Powell, Commissioner
Jamie Bailey, Director, Oil, Gas and Minerals

Robert W. Lansford, President
Lanexco, Inc.
1105 W. Kansas
Jal, NM 88252

Raptor Resources, Inc.
P.O. Box 160430
Austin, TX 78716
Attn: Russell Douglass, President
Mike Nell, Vice President

Gruy Petroleum Management Company
600 Las Colinas Blvd. E, Suite 1100
Irving, TX 75039-5611
Attn: Richard R. Frazier, President and COO
Zeno Farris, Manager of Operation Administration

Reggie Reston, Production Supervisor
Gruy Petroleum Management Company
1601 N. Turner, Suite 212
Hobbs, NM 88240

Energen Resources Corporation

March 5, 2001

Page 4

BP Permian Business Unit
501 Westlake Park Blvd., WL 4, Suite 200
Houston, TX 77079
Attn: Marshall Gile, Business Unit Leader
Johanna Meinhardt, Asset Manager SE NM
Lee Scarborough, Senior Land Negotiator, SE NM

James A. Davidson
214 W. Texas, Suite 710
Midland, TX 79702

William P. Aycock
1207 W. Wall
Midland, TX 79701

DOYLE HARTMAN, Oil Operator (Dallas)

DOYLE HARTMAN, Oil Operator (Jal Field Office)
Harold Swain, Supervisor

DOYLE HARTMAN, Oil Operator (Midland)

Linda Land
Don L. Mashburn
Steve Hartman
John Allred

OIL CONSERVATION COMMISSION

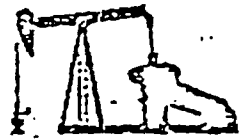
STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

LAND COMMISSIONER

PHIL R. LUCERO



STATE GEOLOGIST

EMERY C. ARNOLD

LECTOR
JOE D. RAMEY

Memo No. 3-77
August 24, 1977

MEMORANDUM

TO: OPERATORS AND ATTORNEYS

FROM: JOE D. RAMEY, SECRETARY-DIRECTOR

SUBJECT: APPLICATIONS FOR APPROVAL OF SECONDARY RECOVERY OR SALT
WATER DISPOSAL INJECTION WELLS

The Commission has delayed revising its Rules and Regulations relative to injection wells because of the impending U. S. Environmental Protection Agency Underground Injection Control Regulations. During the interim before those regulations may be finalized, the following policy shall apply to applications for approval of injection wells whether by hearing or by administrative order:

- (1) No surface injection pressure greater than 0.2 psi per foot of depth to the top of the injection zone will be permitted unless there is strong evidence that the strata confining the injection fluid has a fracture gradient which would support a higher pressure.
- (2) That applications must include a tabular summary of all wells within one-half mile of the injection well(s) and which penetrate the injection zone showing all casing strings, setting depths, sacks of cement used, cement tops, total depth, producing interval, well identification, and location. Applications for expansion of projects need not include the tabulation if the same is on file and no additional wells are included.
- (3) Application must include a schematic of all plugged and abandoned wells within the one-half mile radius and which have penetrated the injection zone showing all information required under (2) above plus the size and location of all plugs and the date of abandonment. Applications for expansion of projects need not include the schematics if the same is on file and no additional wells are included.

MILLER, STRATVERT & TORGERSON, P.A.
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JULIE A. COLEMAN

COUNSEL

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JAMES J. WIDLAND
BRADLEY D. TEPPER
GARY RISLEY

OF COUNSEL

WILLIAM K. STRATVERT
JAMES B. COLLINS
RALPH WM. RICHARDS

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FACSIMILE: (505) 526-2215

PLEASE REPLY TO SANTA FE

- NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL & GAS LAW
- NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW

September 5, 2001

Mr. Richard Ezeanyim
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 12614 (Administrative); Application of Energen Resources Corporation for Expansion of Injection Authority, Langlie Lynn Quenn Unit, Lea County, New Mexico; (Order No. WFX 581)

Dear Mr. Ezeanyim:

After hearing without objection on March 8, 2001, the above-referenced application was taken under advisement for referral for administrative approval.

On behalf of the Applicant, Energen Resources Corporation, I would appreciate being advised of the status of the application. If I may provide any additional information that will facilitate the issuance of an order in this matter, please do not hesitate to contact me.

Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.

J. Scott Hall
J. Scott Hall

JSH/kam

OIL CONSERVATION DIV.
01 SEP - 6 11:13 AM

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

See Also Order No. R-4417-A

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4840
Order No. R-4417

APPLICATION OF CONTINENTAL OIL
COMPANY FOR A WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 4, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of October, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Continental Oil Company, seeks authority to institute a waterflood project in the Langlie Lynn (Queen) Unit Area, Langlie-Mattix Pool, by the injection of water into the Seven Rivers and Queen formations through nine injection wells in Sections 22, 23, 26 and 27, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.
- (4) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.
- (5) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to institute a waterflood project in the Langlie Lynn (Queen) Unit Area, Langlie-Mattix Pool, by the injection of water into the Seven Rivers and Queen formations through the following-described wells in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico:

<u>Well Name</u>	<u>Unit</u>	<u>Section</u>
Shell Oil Company State "JK" Well No. 4	0	22
Gackle Oil Company Sinclair "A" State Well No. 7	0	23
Gackle Oil Company Sinclair "A" State Well No. 3	L	23
Continental Oil Company Lynn B-1 Well No. 15	L	26
Continental Oil Company Lynn B-1 Well No. 12	G	26
Continental Oil Company Lynn B-1 Well No. 11	K	26
Continental Oil Company Lynn B-1 Well No. 10	E	26
Continental Oil Company Lynn B-1 Well No. 9	B	26
Continental Oil Company Lynn B-1 Well No. 8	A	27

(2) That the subject waterflood project is hereby designated the Continental Langlie Lynn Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

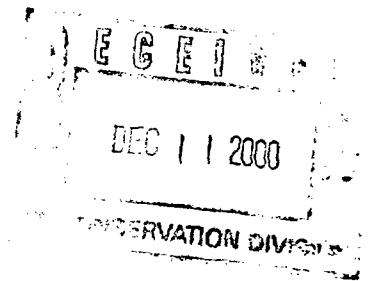
BRUCE KING, Chairman

S E A L

ALEX J. ARMIJO, Member

dr/

December 6, 2000



Mr. Mark Ashley
State of New Mexico
Oil Conversation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Dear Mr. Ashley: (Fax: 505: 827-8177)

Subject: Energen Resources Corporation Ogrid #162928
Application for Administrative Approval to Inject
(Expansion of Project #XYFX-581)
Langlie Lynn Queen Unit Wells #3,5,7,9,12,14,16,18
Lea County, New Mexico

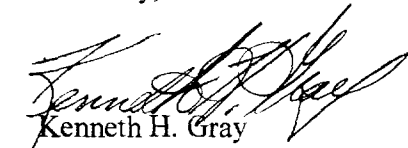
Case 12614

As a follow-up to our conversation of this date and to letter of April 14, 2000 and April 20, 2000 Energen elects to exclude well #3 and #9 from our original application. Well #23 was not included in the application as stated in our letter of April 20, 2000. This means Energen's application as revised herein contains no injections wells within a half mile of Lanexco, Inc.'s El Paso State #1 well.

We have not been successful in taking with Mr. W. Thomas Kellahin who is the legal council for Lanexco. He was provided with a copy of this letter. We will continue to make an effort to contact him so if he has any objections the opportunity will be available for him to make them known to you.

We are seeking approval of our original application subject to the revisions outlined herein. Please advise if anything additional is desired or needed to accommodate our request. Your earliest attention to this matter is greatly appreciated.

Sincerely,


Kenneth H. Gray
District Landman
LLQU-STATE OF NM-M ASHLEY

KHG/pkr

DAVE
THIS WA NEEDS TO
BE REVIEWED.
THANKS.
MARK

cc: W. Thomas Kellahin (Fax: 505:982-2047)
Lanexco, Inc. Attn: Robert Lansford (Fax: 505:395-3205)

ENERGEN RESOURCES CORPORATION

3300 N. "A" STREET
BLDG. 4, SUITE 100
MIDLAND, TEXAS 79705
(915) 687-1155

TO: Mr. Mark Ashley
FAX # (505) 827-8177
FROM: KENNETH H. GRAY
FAX # (915) 687-1796
DATE: 12-7-00
PAGES TO FOLLOW (INCLUDING COVER PAGE)
IF YOU HAVE ANY PROBLEMS REGARDING THIS
TRANSMISSION OR IF YOU DO NOT RECEIVE ALL OF
THE PAGES, PLEASE CALL (915) 687-0753

Case 12614

MESSAGE: _____

CONFIDENTIALITY NOTE

The information contained in this facsimile message may be privileged and confidential information intended only for the use of the individual or entity names above. If the reader of this message is not the Intended recipient, you are hereby notified that any dissemination, distribution or copy of this fax is strictly prohibited. If you have received this fax in error, please immediately notify us by telephone and return the original message to us at the address above via the United States Postal Service. Thank you.



December 6, 2000

Mr. Mark Ashley
State of New Mexico
Oil Conversation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Dear Mr. Ashley: (Fax: 505: 827-8177)

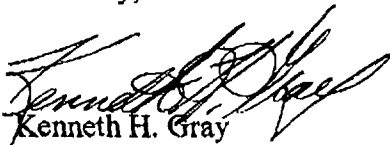
Subject: Energen Resources Corporation Ogrid #162928
Application for Administrative Approval to Inject
(Expansion of Project #XYFX-581)
Langlie Lynn Queen Unit Wells #3,5,7,9,12,14,16,18
Lea County, New Mexico

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Sincerely,


Kenneth H. Gray
District Landman
LLQU-STATE OF NM-M ASHLEY

KHG/pkr

cc: W. Thomas Kellahin (Fax: 505:982-2047)
Lanexco, Inc. Attn: Robert Lansford (Fax: 505:395-3205)

MILLER, STRATVERT & TORGERSON, P.A.
LAW OFFICES

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RUTH FUESS
KYLE M. FINCH
H. BROOK LASKEY
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FRED SCHILLER
PAULA G. MAYNES
MICHAEL C. ROSS
CARLA PRANDO
KATHERINE N. BLACKETT
JENNIFER L. STONE
ANDREW M. SANCHEZ
M. DYLAN O'REILLY
AMINA QUARGNALI-LINSLEY
JENNIFER D. HALL
MARY A. WOODWARD
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JULIE A. COLEMAN

COUNSEL

PAUL W. ROBINSON
ROSS B. PERKAL
JAMES J. WIDLAND
BRADLEY D. TEPPER**
GARY RISLEY

OF COUNSEL

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JAMES B. COLLINS
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TELEPHONE: (505) 523-2481
FACSIMILE: (505) 526-2215

PLEASE REPLY TO SANTA FE

- * NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL & GAS LAW
- ** NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW

August 8, 2001

BY HAND-DELIVERY:

Mr. David Catanach
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 12614 (Administrative); Application of Energen Resources Corporation for Expansion of Injection Authority, Langlie Lynn Queen Unit, Lea County, New Mexico

Dear David:

By administrative application, Energen Resources Corporation sought the expansion of its injection authority under Order No. R-4417 and WFX-581 to include eight additional wells on the Langlie-Lynn Queen Unit waterflood project. You will recall that, due to an objection lodged by Lanexco, Inc., two wells were eliminated from the proposed expansion. Out of precaution, the matter was set for hearing before Examiner Stogner on March 8, 2001. After notice and advertisement, neither Lanexco or any other party appeared in opposition to the application at the hearing and the matter was taken under advisement.

To facilitate your consideration of this matter, I've taken the liberty preparing the enclosed draft order in hard-copy and on disk. While preparing the order, I noticed in the Injection Well Data Sheet materials submitted with the administrative application that the Injection Formation is identified as the "Seven Rivers-Queen-Grayburg" formation. While I believe the vertical limits of the Langlie-Mattix Pool include the Grayburg, Energen seeks to inject only into the Seven Rivers and Queen formations. Language to this effect is reflected in the draft order and is consistent with

David Catanach

08/08/01

Page 2

the existing injection authority under Order No. R-4417 and WFX-581. Copies of these earlier orders are also enclosed.

If there is any other information that I can provide, please let me know.

Very Truly Yours,

MILLER, STRATVERT & TOGERSON, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall". The signature is written in a cursive, flowing style.

J. Scott Hall

JSH:ao

Enclosure(s) – as stated

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

ORDER NO. WFX-581-A

APPLICATION OF ENERGEN RESOURCES CORPORATION TO EXPAND
WATERFLOOD PROJECT IN THE LANGLIE MATTIX SEVEN RIVERS QUEEN
GRAYBURG POOL IN LEA COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-4417, Energen Resources Corporation ("Energen") has made administrative application to the Division on April 14, 2000 for permission to expand its Langlie-Lynn Queen Unit Waterflood Project in the Langlie Mattix Seven Rivers Queen Grayburg Pool in Lea County, New Mexico, pursuant to its existing authority under Order No. R-4417 issued on October 10, 1972 and as subsequently amended by, *inter alia*, Injection Permit No. WFX-581 issued on May 16, 1989.

NOW, on this _____ day of August, 2001, 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) Following notice and advertisement as required by law, an objection was received from Lanexco, Inc. on March 23, 2000. Lanexco is the operator of the El Paso State Well No. 1 located 1880' FSL & 1650' FEL of Section 22, T-23-S, R-36-E, NMPM. Lanexco's stated an objection to the utilization of the Langlie Lynn Queen Unit Well No. 23 (1863' FSL & 1950' FEL of Section 22, Unit J, T-23-S, R-36-E), Langlie Lynn Queen Unit Well No. 9 (660' FSL & 330' FEL of Section 22, Unit P, T-23-S, R-36-E), and Langlie Lynn Queen Unit Well No. 3 (1980' FSL & 660' FWL of Section 23, Unit L, T-23-S, R-36-E), each of which are located within one-half mile of the El Paso State Well No. 1. No other objection has been received.
- (4) Previously, on April 20, 2000, Energen verified to the Division that the Langlie Lynn Queen Unit Well No. 23 was not included in the Application filed in this matter. Subsequently, on December 6, 2000, Energen advised the Division that it was deleting the Langlie Lynn Queen Unit Wells No. 9 and No. 3 from its April 14, 2000 Application. As a consequence of the elimination of those two wells, Lanexco's El Paso State Well No. 1 was outside the one-half mile area of review set forth in Division Rule 701.

(5) In view of the Lanexco objection, and after notice and advertisement, Energen's Application was set for hearing before Division Examiner Michael Stogner on March 8, 2001. Energen appeared at the hearing through its counsel. No other party entered an appearance or otherwise objected to Energen's Application at the hearing and the matter was accordingly taken under advisement. The matter was subsequently referred for consideration under the administrative approval process set forth in Rule 701 of the Division's Rules.

(6) The proposed injection wells are eligible for conversion to water injection under the terms of Rule 701.

(7) The proposed expansion of the above-referenced waterflood project will not cause waste or impair correlative rights.

(8) The application should be approved.

IT IS THEREFORE ORDERED THAT:

Order No. WFX-581 is amended as follows:

(1) The Applicant, Energen Resources Corporation, is authorized to inject water into the Seven Rivers and Queen formations through 2 3/8ths inch J-55 Internal Plastic Coated tubing set in packers into each of the wells and at the injection intervals described below:

Langlie Lynn Queen Unit Well No. 5
1980 FSL & 1980 FEL (Unit J)
Section 23, T-23-S, R-36-E, NMPM
Lea County, New Mexico
Injection Interval: 3494' to 3631'

Langlie Lynn Queen Unit Well No. 7
660 FSL & 1980 FWL (Unit N)
Section 23, T-23-S, R-36-E, NMPM
Lea County, New Mexico
Injection Interval: 3510' to 3682'

Langlie Lynn Queen Unit Well No. 14
660 FNL & 1980 FEL (Unit B)
Section 23, T-23-S, R-36-E, NMPM
Lea County, New Mexico
Injection Interval: 3408' to 3586'

Langlie Lynn Queen Unit Well No. 12
660 FNL & 1980 FEL (Unit D)
Section 23, T-23-S, R-36-E, NMPM
Lea County, New Mexico
Injection Interval: 3446' to 3682'

Langlie Lynn Queen Unit Well No. 16
1980 FNL & 1980 FWL (Unit F)
Section 23, T-23-S, R-36-E, NMPM
Lea County, New Mexico
Injection Interval: 3468' to 3653'

Langlie Lynn Queen Unit Well No. 18
1980 FSL & 1980 FWL (Unit L)
Section 23, T-23-S, R-36-E, NMPM
Lea County, New Mexico
Injection Interval: 3540' to 3681'

IT IS FURTHER ORDERED THAT:

(2) 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.

(3) 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.

(4) 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.

(5) The injection well or system shall be equipped with a pressure limiting device which will permit the wellhead pressure on the injection well to no more than 690 psi.

(6) 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 Seven Rivers & Queen formations. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

(7) The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

(8) 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.

(9) The subject well shall be governed by all provisions of Division Order No. R-4417 and rules 702-706 of the Division Rules and Regulations not inconsistent herewith. The operator shall submit monthly reports of the injection operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

(10) The injection authority granted herein for each well shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the well, provided however, the Division, on written request by the operator, may grant an extension thereof for good cause shown.

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 requirement set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

Approved at Santa Fe, New Mexico, on this __ day of August, 2001.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

LORI WROTENBERY
Director

S E A L

(HOSPAH, SOUTH-LOWER SAND (TENNECO LOWER
HOSPAH PRESSURE MAINTENANCE) POOL - Cont'd.)

RULE 10. The conversion of producing wells to injection, the drilling of additional wells for injection, and expansion of the project area shall be accomplished only after approval of the same by the Secretary-Director of the Commission. To obtain such approval, the project operator shall file proper application with the Commission, which application, if it seeks authorization to convert additional wells to injection or to drill additional injection wells shall include the following:

(1) A plat showing the location of proposed injection wells, all wells within the project area, and offset operators, locating wells which offset the project area.

(2) A schematic drawing of the proposed injection wells which fully describes the casing, tubing, perforated interval, and depth showing that the injection of gas or water will be confined to the Lower-Hospah formation.

(3) A letter stating that all offset operators to the proposed injection wells have been furnished a complete copy of the application and the date of notification.

The Secretary-Director may approve the proposed injection wells if, within 20 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators.

Expansion of the project area may be approved by the Secretary-Director of the Commission administratively when good cause is shown therefor.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

LANGLIE-MATTIX POOL
(Langlie Lynn (Queen) Unit Waterflood)
Lea County, New Mexico

Order No. R-4417, Authorizing Continental Oil Company to Institute a Waterflood Project in the Seven Rivers and Queen Formations in the Langlie-Mattix Pool, Lea County, New Mexico, September 10, 1972.

Application of Continental Oil Company for a Waterflood Project, Lea County, New Mexico.

CASE NO. 4840
Order No. R-4417

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on October 4, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of October, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Continental Oil Company, seeks authority to institute a waterflood project in the Langlie Lynn (Queen) Unit Area, Langlie-Mattix Pool, by the injection of water into the Seven Rivers and Queen formations through nine injection wells in Sections 22, 23, 26 and 27, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(4) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to institute a waterflood project in the Langlie Lynn (Queen) Unit Area, Langlie-Mattix Pool, by the injection of water into the Seven Rivers and Queen formations through the following-described wells in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico:

Well Name	Unit	Section
Shell Oil Company State "JK"	0	22
Well No. 4		
Gackle Oil Company Sinclair	0	23
"A" State Well No. 7		
Gackle Oil Company Sinclair	L	23
"A" State Well No. 3		
Continental Oil Company Lynn	L	26
B-1 Well No. 15		
Continental Oil Company Lynn	G	26
B-1 Well No. 12		
Continental Oil Company Lynn	K	26
B-1 Well No. 11		
Continental Oil Company Lynn	E	26
B-1 Well No. 10		
Continental Oil Company Lynn	B	26
B-1 Well No. 9		
Continental Oil Company Lynn	A	27
B-1 Well No. 8		

(2) That the subject waterflood project is hereby designated the Continental Langlie Lynn Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

ORDER NO. WFX-581

**APPLICATION OF CONOCO, INC. TO EXPAND ITS WATERFLOOD PROJECT IN
THE LANGLEIE MATTIX SEVEN RIVERS QUEEN GRAYBURG POOL IN LEA COUNTY,
NEW MEXICO**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-4417, Conoco, Inc. has made application to the Division on May 1, 1989 for permission to expand its Langlie-Lynn Queen Unit Waterflood Project in the Langlie Mattix Seven Rivers Queen Grayburg Pool in Lea County, New Mexico.

NOW, on this 16th day of May, 1989, 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 waterflood project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Conoco, Inc., be and the same is hereby authorized to inject water into the Seven Rivers and Queen formations at approximately 3450 feet to approximately 3600 feet through 2 3/8-inch plastic lined tubing set in a packer at approximately 3450 feet in the following described well for purposes of secondary recovery to wit:

Langlie Lynn Queen Unit Well No. 5
1980 FSL & 1980 FEL (Unit J)
Section 23, T-23 South, R-36 East, NMPM,
Lea County, New Mexico.

Administrative Order WFX-581
 Conoco, Inc.
 May 16, 1989
 Page 2

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 690 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 Seven Rivers & Queen 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 Hobbs district office of the Division of the date and time of the installation of disposal 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-4417 and rules 702-706 of the Division Rules and Regulations not inconsistent herewith.


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 reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

Administrative Order WFX-581
Conoco, Inc.
May 16, 1989
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Approved at Santa Fe, New Mexico, on this 16th day of May, 1989.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', written over the printed name.

WILLIAM J. LEMAY
Director

S E A L