

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Wednesday, July 09, 2008 7:12 PM
To: 'Hodge, Kristin'
Cc: Ezeanyim, Richard, EMNRD; Brooks, David K., EMNRD; Warnell, Terry G, EMNRD; Gum, Tim, EMNRD
Subject: Keel West Waterflood Project Expansion by Merit Energy

Hello Kristin:

Justin called today and asked that I look over the three WFX permit applications you sent in to allow injection for waterflood purposes into the JL Keel B #77
H.E. West B #35
J.L Keel B #57

Case No. 11580, R-10663 expressly denied injection into the #77 and the #35 wells (likely) based on the presence of a poorly plugged well (in Unit I of Section 8, T17S, R31E) called the Keel B #28. At that time (Sept 1996) that well did not have adequate cement plugs to isolate the high (2500 psi) pressures being used in this waterflood over this injection interval. The Keel B #28 is also open below the Grayburg San Andres.

Deviated drilling techniques are much more capable than in the past and may have made it possible at this time to drill over to that wellbore and enter it below the salt section and thereby re-enter and replug it so as to isolate injection to the Grayburg-San Andres.

Because two of these proposed injection wells were denied for injection after hearing evidence in an examiner hearing, a new hearing should be initiated with new evidence to overturn that ruling - talk to your attorney about this.

The #57 well was not mentioned in that hearing order but is in that vicinity of the Keel B #28. Unless the Keel B #28 has since been re-entered and re-plugged, then your administrative application to inject into the #57 well must also be denied.

Regards,

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

*JL = Keel B # 57
 Denied*

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

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[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kristin Hodge _____
 Print or Type Name Signature Title Date

Kristin.Hodge@meritenergy.com
 e-mail Address

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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Handwritten: HEW #33

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
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Handwritten: David [Signature]

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Kristin Hodge
 Print or Type Name

[Signature]
 Signature

Regulatory Analyst
 Title

6/19/08
 Date

Kristin.Hodge@meritenergy.com
 e-mail Address

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 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

JL Keel B #71

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U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
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*Denise
7/28/08*

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Kristin Hodge *Kristin Hodge* Regulatory Analyst 6/13/08
 Print or Type Name Signature Title Date

Kristin.Hodge@meritenergy.com
 e-mail Address