



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

GARREY CARRUTHERS
GOVERNOR

September 13, 1989

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Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9708
ORDER NO. R-9000

Applicant:

Phillips Petroleum Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD	<u> x </u>
Artesia OCD	<u> x </u>
Aztec OCD	<u> </u>

Other _____

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. 9708
Order No. R-9000

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR A WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 26 and August 23, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 15th day of September, 1989, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Phillips Petroleum Company, seeks authority to institute a waterflood project on its Cruces Lease, comprising the S/2 of Section 26, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, by the injection of water into the Yates formation, Lynch Yates-Seven Rivers Pool, through the perforated interval from approximately 3509 feet to 3629 feet in its Cruces Well No. 3 located 330 feet from the South line and 1655 feet from the West line (Unit N) of said Section 26.

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

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

(5) The operator should 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 from injection, production, or plugged and abandoned wells.

(6) Prior to commencing injection operations, the casing in the subject well should be pressure-tested throughout the interval from the surface down to the proposed packer-setting depth to assure the integrity of such casing.

(7) The injection well or injection pressurization system should be so equipped as to limit injection pressure at the wellhead to no more than 702 psi, but the Division Director should have the authority to increase said pressure limitation, should circumstances warrant.

(8) The operator should give advanced notification to the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure-test in order that the same may be witnessed.

(9) The subject application should be approved and the project should be governed by the provisions of Rules 701 through 708 of the Division Rules and Regulations.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Phillips Petroleum Company, is hereby authorized to institute a waterflood project on its Cruces Lease, comprising the S/2 of Section 26, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, by the injection of water into the Yates formation, Lynch Yates-Seven Rivers Pool, through the perforated interval from approximately 3509 feet to 3629 feet in its Cruces Well No. 3 located 330 feet from the South line and 1655 feet from the West line (Unit N) of said Section 26.

PROVIDED HOWEVER THAT, prior to commencing injection operations, the casing in the subject well shall be pressure-tested to assure the integrity of such casing in a manner that is satisfactory to the supervisor of the Division's district office at Hobbs.

(2) Injection into said well shall be through 2 3/8-inch internally coated tubing, set in a packer which shall be located at approximately 3410 feet; the casing-tubing annulus shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(3) The operator shall notify the supervisor of the Hobbs district office of the Division in advance of the date and time of the installation of injection equipment and of the mechanical integrity pressure-test in order that the same may be witnessed.

(4) The operator shall immediately notify the supervisor of the Division's Hobbs district office of the failure of the tubing or packer in said injection well, the leakage of water or oil from or around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(5) The injection well herein authorized and/or the injection pressurization system shall be so equipped as to limit injection pressure at the wellhead to no more than 702 psi, provided however, the Division Director may authorize a higher surface injection pressure upon satisfactory showing that such higher pressure will not result in fracturing of the confining strata.

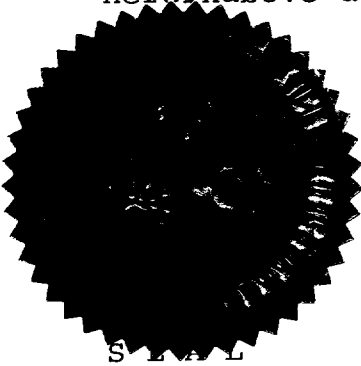
(6) The subject waterflood is hereby designated the Phillips Cruces Lease Waterflood Project and shall be governed by the provisions of Rules 701 through 708 of the Division Rules and Regulations.

(7) Monthly progress reports of the waterflood project herein authorized shall be submitted to the Division in accordance with Rules 706 and 1115 of the Division Rules and Regulations.

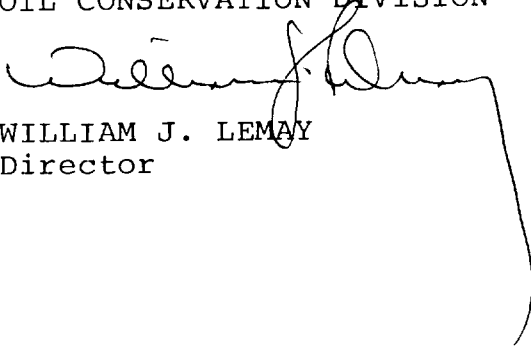
(8) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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Case No. 9708
Order No. R-9000

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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