



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-192

**APPLICATION OF CENTRAL RESOURCES, INC. TO EXPAND ITS PRESSURE
MAINTENANCE PROJECT IN THE HORSESHOE GALLUP OIL POOL IN SAN
JUAN COUNTY, NEW MEXICO**

RECEIVED
FEB 27 1998

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

**OIL CON. DIV.
DIST. 3**

Under the provisions of Division Order No. R-2026, Central Resources, Inc. has made application to the Division on November 24, 1997 for permission to expand its Northeast Hogback Unit Pressure Maintenance Project in the Horseshoe Gallup Oil Pool in San Juan 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, Central Resources, Inc., be and the same is hereby authorized to inject water into the Gallup formation at approximately 1452 feet to approximately 1650 feet through 2 3/8-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:

Northeast Hogback Unit Well No.27
1980' FNL & 710' FEL, Unit Letter 'H' H-10-30-16
Injection Interval 1500 feet to 1622 feet
Maximum Injection Pressure - 300 psig

Northeast Hogback Unit Well No.40
2130' FSL & 1650' FEL, Unit Letter 'J' 10-30-16
Injection Interval 1452 feet to 1650 feet
Maximum Injection Pressure - 290 psig

Both located in Section 10, Township 30 North, Range 16 West, NMPM,
San Juan County, New Mexico.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected gas 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 well 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 Gallup formation.

The operator shall immediately notify the supervisor of the Aztec 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.

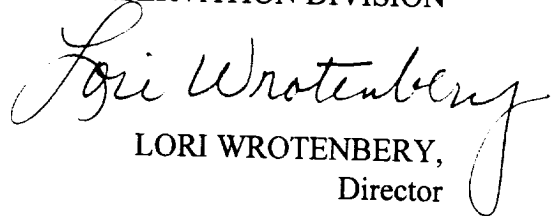
The subject wells shall be governed by all provisions of Division Order No. R-2026 and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 any well 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 24th day of February, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY,
Director

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LW/BES/kv

cc: Oil Conservation Division - Aztec /
Bureau of Land Management - Farmington