



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

ADMINISTRATIVE ORDER NO. WFX-808

APPLICATION OF SEELY OIL COMPANY TO EXPAND ITS WATERFLOOD PROJECT IN THE E-K YATES-SEVEN RIVERS-QUEEN POOL IN LEA COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-9885-A, Seely Oil Company has made application to the Division on September 14, 2004 for permission to expand its Central EK Queen Unit Waterflood Project in the E-K Yates-Seven Rivers-Queen Pool in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application was filed in due form.
- (2) Satisfactory information was provided to demonstrate that there are no offset operators within a one-half mile radius of the proposed injection well.
- (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 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, Seely Oil Company is hereby authorized to inject water into the Queen formation through the perforated interval from 4,407 feet to 4,420 feet using 2-3/8-inch plastic-lined tubing set in a packer located at a depth of 4,365 feet in the following-described well for purposes of secondary recovery to wit:

Central EK Queen Unit Well No. 13
API No. 30-025-34181
330' FSL & 2310' FWL, Unit N,
Section 7, Township 18 South, Range 34 East
Perforated Injection Interval: 4,407'-4,420'
Maximum Surface Injection Pressure: 881 PSIG

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 to 0.2 psi/ft. to the uppermost injection perforations, as shown above.

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 Queen formation. 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 injection 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-9885-A, 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

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Seely Oil Company

October 7, 2004

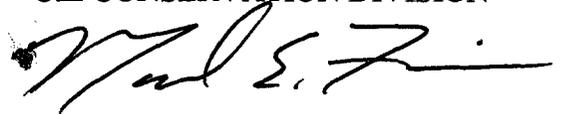
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further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon 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.

DONE at Santa Fe, New Mexico, on this 7th day of October, 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE
Director

cc: Oil Conservation Division – Hobbs
Bureau of Land Management - Carlsbad