

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



Administrative Order WFX-928
August 25, 2014

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order R-3357-C, Alamo Permian Resources, LLC ("Alamo"; OGRID No. 274841) has made application to the Division for permission to approve the permitted interval for six (6) injection wells in its West Artesia Grayburg Unit (WAGU) Waterflood Project in the Artesia; Queen-Grayburg-San Andres Pool (Pool code 3230) in Eddy County, New Mexico.

These six wells were approved for injection under Ordering Paragraph (1) of Division Order R-3357-C dated March 17, 2011. Since approval of Division Order R-3357-C, Alamo has modified the perforated injection interval for all six wells. Alamo is providing this application to satisfy notification requirements and to document that the current location of perforations correlate to the unitized interval as described in Ordering Paragraph (4) of Division Order R-3357-C.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections remain outstanding. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

Alamo has also demonstrated the current injection interval for the six wells are within unitized interval as approved in Ordering Paragraph (4).

The modifications of the six injection wells located within the above-referenced waterflood project, will prevent waste, is in the best interests of conservation, will not impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED THAT:

Alamo Permian Resources, LLC, as operator, is hereby authorized to inject water into the following six wells for the purpose of secondary recovery through plastic-lined tubing set into a packer:

API Number	Well Name	Unit	Sec	Twp	Rng	Footage N/S	Footage E/W	<i>R-3357-C Permitted Interval</i>	Approved Injection Interval
30-015-02645	WAGU Well No.1	C	8	18 S	28 E	990 FNL	2310 FWL	1982 ft to 2264 ft	1981 ft to 2284 ft
30-015-02648	WAGU Well No. 4	E	8	18 S	28 E	2310 FNL	990 FWL	1966 ft to 2270 ft	1964 ft to 2273 ft
30-015-10328	WAGU Well No. 6	G	8	18 S	28 E	2310 FNL	1980 FEL	2114 ft to 2277 ft	2010 ft to 2326 ft
30-015-02649	WAGU Well No.12	L	8	18 S	28 E	1650 FSL	990 FWL	2114 ft to 2253 ft	1966 ft to 2268 ft
30-015-02636	WAGU Well No.13	I	7	18 S	28 E	2310 FSL	330 FEL	1932 ft to 2208 ft	1928 ft to 2239 ft
30-015-01899	WAGU Well No.18	D	17	18 S	28 E	330 FNL	330 FWL	2009 ft to 2279 ft	1998 ft to 2295 ft

The approved maximum surface injection pressure for the listed wells shall be **423 psi** as approved in Ordering Paragraph (12) of Division Order No. R-3357-C. The operator shall inject through internally-coated, 2 3/8-inch tubing with the injection packer in individual wells no more than 100 feet above the shallowest perforation for the permitted injection interval.

The operator shall verify the packer location in the West Artesia Grayburg Unit Well No. 1 (API No. 30-015-02645). If the packer is not installed within 100 feet of the shallowest perforation, the operator shall either relocate to conform to this distance or the operator shall submit an application for a depth exception for this well to the Santa Fe engineering bureau office.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected fluid enters only the approved injection interval and is not permitted to escape to other formations or onto the surface.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing injection and prior to resuming injection each time any injection packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of

completion and packer setting depths in this well.

The wellhead injection pressure on these wells shall be limited to the approved pressure in the Division Order No. R-3357-C. In addition, the injection well or header system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressures to the maximum allowable pressures for these wells.

Subject to the limitations within the hearing order permitting this project, the Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluids from the approved injection interval. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District II office of the date and time of the installation of injection equipment and of any MIT test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of injection to the District II office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the District II office of any failure of the tubing, casing or packer in the approved injection well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

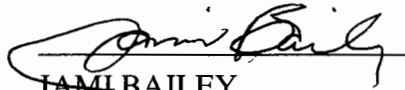
The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

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 or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein. Except for the modifications approved in this Order, the subject wells shall be governed by all provisions of Division Order No. R-3357-C.

The injection authority granted herein shall terminate two (2) years after the effective date of this order if the operator has not commenced injection operations into at least one of the subject wells, provided however, the Division, upon written request by the operator received prior to the two-year deadline, may grant an extension thereof for good cause shown.



JAMI BAILEY

Director

JB/mam

cc: New Mexico Oil Conservation Division – Artesia Office
New Mexico State Land Office – Oil, Gas, and Minerals
Case File 14611