



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

GARREY CARRUTHERS
GOVERNOR

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SANTA FE, NEW MEXICO 87504
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AMENDED ORDER NO. WFX-593

APPLICATION OF KELT OIL AND GAS, INC. TO EXPAND ITS WATERFLOOD
PROJECT IN THE CATO-SAN ANDRES POOL IN CHAVES COUNTY, NEW
MEXICO

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-9029, Kelt Oil and Gas, Inc. has made application to the Division on January 25, 1990 for permission to expand its Cato-San Andres Unit Waterflood Project in the Cato-San Andres Pool in Chaves County, New Mexico.

NOW, on this 23rd day of March, 1990, 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 well is eligible for conversion to water 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, Kelt Oil and Gas, Inc., be and the same is hereby authorized to inject water into the San Andres formation at approximately 3292 feet to approximately 3338 feet through 2 3/8-inch plastic lined tubing set in a packer at approximately 3250 feet in the following described well for purposes of secondary recovery to wit:

Cato San Andres Unit Well No. 94
1328' FNL & 1336' FEL (Unit G)
Section 16, T-8 South, R-30 East, NMPM,
Chaves County, New Mexico.

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 on the injection well to no more than 658 psi.

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 San Andres 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.

Amended Administrative Order WFX-593
Kelt Oil and Gas, Inc.
March 22, 1990
Page 3

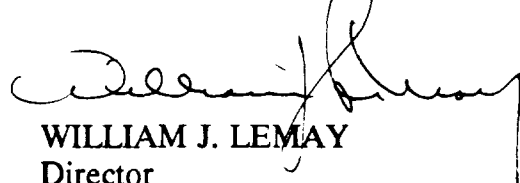
The subject well shall be governed by all provisions of Division Order No. R-9029 and Rules 701-708 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly progress reports of the project in accordance with Rules 706 and 1115 of the Division Rules and Regulations.

Approved at Santa Fe, New Mexico, on this 23rd day of March, 1990.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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