

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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

ADMINISTRATIVE ORDER NO. PMX-160

*APPLICATION OF ELK ENERGY CORPORATION TO EXPAND ITS PRESSURE
MAINTENANCE PROJECT IN THE SCARBOROUGH YATES-SEVEN RIVERS POOL IN
LEA COUNTY, NEW MEXICO*

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-4026, Elk Energy Company has made application to the Division on October 1, 1990 for permission to expand its McCallister "A" Scarborough Pressure Maintenance Project in the Scarborough Yates-Seven Rivers Pool in Lea County, New Mexico.

NOW, on this 5th day of November, 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 wells are eligible for conversion to water 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.

EXHIBIT "A"
ELK ENERGY CORPORATION
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WELL NAME AND NUMBER	WELL LOCATION	INJECTION INTERVAL	PACKER DEPTH	MAX. SURFACE INJECTION PRESSURE
McCallister "A" Well No. 3	660' FSL & 660' FEL (Unit P), Section 24, T-26 South, R-36 East, NMPPM	3039' - 3350'	2950'	608 PSIG
McCallister "A" Well No. 5	660' FNL & 330' FEL (Unit A), Section 25, T-26 South, R-36 East, NMPPM	3129' - 3320'	3030'	626 PSIG
McCallister "A" Well No. 8	1980' FSL & 1650' FEL (Unit J), Section 24, T-26 South, R-36 East, NMPPM	3060' - 3281'	2960'	612 PSIG

All in Lea County, New Mexico.

IT IS THEREFORE ORDERED THAT:

The applicant, Elk Energy Company, be and the same is hereby authorized to inject water into the Yates-Seven Rivers formation at approximately 3039 feet to approximately 3360 feet through 2 7/8-inch or 3 1/2-inch plastic lined tubing set in a packer located within 100 feet of the uppermost injection perforation in the wells shown on Exhibit "A" attached hereto or purposes of pressure maintenance.

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 wells, 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 wells to no more than 0.2 psi/ft. of depth to the uppermost perforation, as shown on Exhibit "A" attached hereto.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said wells that such higher pressure will not result in migration of the injected fluid from the Yates-Seven Rivers 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 wells 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-4026 and Rules 701-708 of the Division Rules and Regulations not inconsistent herewith.

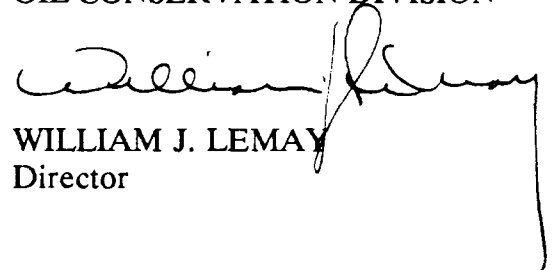
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PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirementsMwet 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 5th day of November, 1990.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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