



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-809

APPLICATION OF MELROSE OPERATING COMPANY TO EXPAND ITS WATERFLOOD PROJECT IN THE JALMAT OIL & GAS POOL IN LEA COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-2243, Melrose Operating Company has made application to the Division on December 17, 2004 for permission to expand its Jalmat Field Yates Sand Unit Waterflood Project in the Jalmat Oil & Gas Pool in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application was filed in due form.
- (2) Satisfactory information was 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 waterflood project will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED THAT:

The applicant, Melrose Operating Company, is hereby authorized to inject water into the Tansill, Yates and Seven Rivers formations (Jalmat Oil & Gas Pool), through the gross interval from approximately 3,750 feet to 4,200 feet using 2-3/8-inch plastic lined tubing set in a packer located within 100 feet of the uppermost injection perforations in the following described wells for purposes of secondary recovery to wit:

Jalmat Field Yates Sand Unit Well No. 111 (API No. 30-025-08582)

1980' FNL & 660' FWL (Unit E) Section 11, Township 22 South, Range 35 East
Current Perforated Interval: 3,902 feet to 4,024 feet
Maximum Surface Injection Pressure: 780 psi

Jalmat Field Yates Sand Unit Well No. 115 (API No. 30-025-08586)

1980' FSL & 330' FEL (Unit I) Section 11, Township 22 South, Range 35 East
Current Perforated Interval: 3,844 feet to 3,990 feet
Maximum Surface Injection Pressure: 769 psi

Jalmat Field Yates Sand Unit Well No. 121 (API No. 30-025-08588)

660' FSL & 2310' FWL (Unit N) Section 11, Township 22 South, Range 35 East
Current Perforated Interval: 3,852 feet to 4,013 feet
Maximum Surface Injection Pressure: 770 psi

Jalmat Field Yates Sand Unit Well No. 122 (API No. 30-025-08592)

660' FSL & 990' FWL (Unit M) Section 11, Township 22 South, Range 35 East
Current Perforated Interval: 3,885 feet to 3,998 feet
Maximum Surface Injection Pressure: 777 psi

Jalmat Field Yates Sand Unit Well No. 126 (API No. 30-025-08615)

660' FNL & 2310' FWL (Unit C) Section 14, Township 22 South, Range 35 East
Current Perforated Interval: 3,835 feet to 3,964 feet
Maximum Surface Injection Pressure: 767 psi

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 well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure to 0.2 psi per foot of depth to the uppermost injection perforations or open-hole interval in each of the wells.

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 Tansill, Yates and Seven Rivers formations. 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: i) of the installation of injection equipment in each of the injection wells; and ii) of the mechanical integrity tests so that these operations 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-2243 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 granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject 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 14th day of January, 2005.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Division Director

SEAL

Administrative Order WFX-809
Melrose Operating Company
January 14, 2005
Page 4 of 4

DRC

cc: Oil Conservation Division – Hobbs
Bureau of Land Management - Carlsbad
Case File No. 2546