

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**APPLICATION OF CHI OPERATING, INC. TO AMEND ORDER NO. R-13262,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 15019
ORDER NO. R-13262-C**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 12, 2013, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 18th day of November, 2013, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and of the subject matter.

(2) Chi Operating, Inc. ("Applicant" or "Operator") seeks an order to amend Division Order No. R-13262 by deleting certain injection wells from this order.

The Applicant appeared at the hearing through counsel and presented the case by affidavit as follows:

(3) Division Order No. R-13262, as amended by Order Nos. R-13262-A and R-13262-B, approved the Benson Delaware Unit Area, and an enhanced recovery project for the Unit Area in the Brushy Canyon member of the Delaware formation, the Benson-Delaware Pool (**Pool Code 97083**).

(4) Division Order No. R-13262 also approved, among others, the following injection wells for the enhanced oil recovery project in the Unit Area.

<u>Well Name</u>	<u>Surface Location</u>	<u>Bottom Hole Location</u>
Munchkin #22W	900 FNL & 1980 FWL, C-12	930 FNL & 2620 FWL, C-12
Munchkin #19W	2300 FNL & 400 FEL, H-11	1300 FNL & 1000 FEL, A-11
Munchkin #18W		1500 FSL & 2200 FEL, J-1
Munchkin #17W		1700 FSL & 1500 FWL, K-1
Munchkin #16W		300 FSL & 1650 FEL, O-1
Munchkin #14W	330 FNL & 500 FWL, D-12	330 FNL & 330 FWL, D-12

(5) The Munchkin Well Nos. 16W, 17W, 18W, and 22W have not yet been drilled. The Munchkin Well Nos. 14W and 19W (which have been renamed the Benson Delaware Unit Well Nos. 14 and 19 respectively) are producing wells that have not yet been converted to injection wells.

(6) Chi Operating, Inc. is seeking approval of applications for permit to drill (APDs) from the Bureau of Land Management (BLM) for two new wells, namely: the Benson Delaware Unit Well No. 23 and the Benson Delaware Unit Well No. 24.

(7) The BLM requested that the injection wells listed in Finding Paragraph (4) above be removed from the list of approved injection wells, as a condition for the approval of APDs for the Benson Delaware Unit Well Nos. 23 and 24.

(8) In accordance with Rule 19.15.26.8.A NMAC, the Applicant also requests that future injection wells within the Benson Delaware Unit Area be approved administratively.

(9) The Oil Conservation Division (OCD) records indicate that Chi Operating, Inc. is in compliance with Rule 19.15.5.9 NMAC, therefore this application should be approved.

IT IS THEREFORE ORDERED THAT:

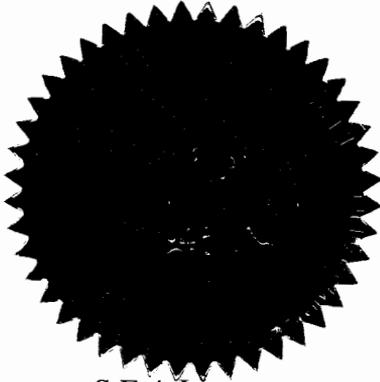
(1) The application of Chi Operating, Inc. is approved, and the Division Order No. R-13262 is hereby amended to delete the injection wells listed in Finding Paragraph (4) above from this order.

(2) Any future injection wells drilled within the Benson Delaware Unit Area shall be approved administratively after notice and the opportunity for a hearing.

(3) The provisions of Division Order No. R-13262 as amended by Division Order Nos. R-13262-A and R-13262-B are still in full force and effect.

(4) Jurisdiction of this case is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

**JAMI BAILEY
Director**