

New Mexico Energy, Minerals and Natural Resources Department

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Oil Conservation Division



Administrative Order PMX-249
May 16, 2008

APPLICATION OF PARAWON OPERATING LLC TO EXPAND ITS NORTHEAST HOGBACK UNIT PRESSURE MAINTENANCE PROJECT IN THE HORSESHOE- GALLUP POOL IN SAN JUAN COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No R-2026, Parawon Operating LLC (OGRID 225465) has made application to the Division for permission to expand its Northeast Hogback Unit Pressure Maintenance Project in the Horseshoe-Gallup Pool in San Juan County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

The application has been filed in due form. Satisfactory information has been provided to demonstrate that affected parties as defined in Rule 701B(2) were provided notice of this application. No objection has been received within the prescribed waiting period. The proposed injection well is eligible for conversion to injection under the terms of Rule 701. The proposed expansion of the above-referenced pressure maintenance project will not cause waste nor impair correlative rights. The operator is in good standing with Division Rule 40 and this application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Parawon Operating LLC, is hereby authorized to inject water into the Gallup formation, Horseshoe-Gallup Pool, through 2 3/8-inch tubing set in a packer located within 100 feet of the uppermost injection perforations in the following-described well for the purpose of pressure maintenance to wit:

Northeast Hogback Unit Well No. 31 (API No. 30-045-09696)
1970' FSL & 2210' FWL, Unit K, Section 10, T30N, R16W
Permitted injection interval: **1,596 feet to 1,628 feet** (Perforated)
Maximum Allowed Surface Injection Pressure: **700 psi**



IT IS FURTHER ORDERED THAT:

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

Prior to commencing injection operations, the casing in each well shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The injection wells or pressurization system shall be equipped so as to limit the surface injection pressure on the subject wells to the above listed limit. The Division Director may authorize a higher surface injection pressure upon a showing by the applicant that such higher pressure will not result in the fracturing of the injection formation or confining strata.

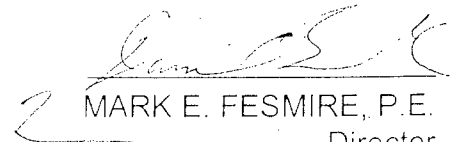
The casing-tubing annulus in each well shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The operator shall immediately notify the supervisor of the Aztec 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 well shall be governed by all provisions of Division Order No. R-2026 and Rules 701-708 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 well(s), provided however, the Division, upon written request by the operator received by the Division prior to the termination date, may grant an extension thereof for good cause shown.


MARK E. FESMIRE, P.E.
Director

MEF/wvj

cc: Oil Conservation Division – Aztec
Bureau of Land Management – Farmington
US EPA, Farmington Attn: Jim Walker