

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:

CASE NO. 14047
ORDER NO. R-12912

APPLICATION OF CELERO ENERGY II, L.P. FOR EXPANSION OF A
WATERFLOOD PROJECT, CHAVES COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 13, 2007, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 3rd day of March 2008, 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) By Order No. R-1456 issued in Case No. 1714 on August 1, 1959, the Commission approved the application of John H. Trigg and authorized a waterflood project in the Caprock-Queen Pool (8551), Lea and Chaves Counties, New Mexico, with the project area consisting of the following described acreage:

TOWNSHIP 14 SOUTH, RANGE 31 EAST, NMPM

Section 4: All
Section 9: All
Section 5: E/2 NE/4, NE/4 SE/4

This Order authorized four (4) injection wells for the Caprock-Queen Waterflood Project.

(3) By Order No. R-2470 issued in Case No. 2781 on April 22, 1963, the Commission expanded the Caprock-Queen Waterflood Project by authorizing three additional injection wells.

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Exhibit No. 1

(2) The Applicant is further authorized to expand the Caprock-Queen waterflood project to include the SE/4 SE/4 of Section 5, Township 14 South, Range 31 East, NMPM, Chaves County, New Mexico.

(3) The Division Director shall have the authority to administratively authorize additional injection wells in this project after proper notice is provided and the application is made on Form C-108.

Before commencing injection operations into the Trigg Federal Lease Waterflood Project, the operator shall conduct the following remedial work on both the injection wells and the area of review wells.

(4) The operator proposes to use twenty-three (23) injection wells for this waterflood project in two phases. In phase I consisting of twelve (12) shut-in injection wells (**EXHIBIT "A" attached to this order**), the operator shall re-enter each wellbore, pull the tubing, clean out the wellbore to total depth, run inspection and cement bond logs to determine cement tops, pressure test the casing to determine casing integrity, and repair as appropriate any wells that do not comply with the requirements of Division Rule 703.B.

(5) In phase II, consisting of eleven (11) plugged and abandoned wells, the operator shall re-enter each wellbore and perform the remedial work described in Ordering Paragraph (4) above to convert them to injection wells. However, if the operator determines that any of the plugged and abandoned wells cannot be converted to injection, the operator shall be authorized to properly plug and abandon the well and drill a new well to replace it.

(6) There are forty-five (45) wells in the area of review of this injection project as shown in **EXHIBIT "B"** attached to this order. Since these wells are very old and have been inactive for a very long time, the operator shall, before commencing injection operations in the Trigg Federal Lease Waterflood Project, either (i) **properly plug and abandon the wells in accordance with the Division approved plugging procedure**, or (ii) **convert the wells to producing or injection wells for other offset waterflood projects the operator intends to re-activate or expand.**

The operator shall provide written verification to the Engineering Bureau in the Santa Fe office of the Division of completion of each of the requirements set forth in Ordering Paragraphs 4, 5, and 6.

(7) The operator shall take all steps necessary to ensure that the injected water enters only the injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.