

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Friday, December 26, 2008 5:05 PM
To: 'Stan_Wagner@eogresources.com'
Cc: Warnell, Terry G, EMNRD; Brooks, David K., EMNRD; Ezeanyim, Richard, EMNRD; 'Wesley_Ingram@blm.gov'; Kautz, Paul, EMNRD; Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD; Hill, Larry, EMNRD
Subject: Injection Application from EOG Resources Inc: Corbin Federal Delaware Unit #15
30-025-30658 Unit B Sec 18, 18S 33E

Hello Stan:

Got your reply to my September data request and have processed your application to expand your waterflood by adding the second well. I am placing this in Mark's inbox for his signature WFX-849.

It appears that this waterflood was approved in the late 1990's through hearing. Order R-11099 required repair work on three AOR wells prior to ANY injection into this Unitized Interval. The operator has never done the required cement squeeze repair work, but continued injection into Well No. 4 which was approved in R-11099 but was also an existing disposal well into the same interval (SWD-205.) The operator asked at the hearing for this SWD well to be re-classified as an Injection Well in this project.

Prior to any injection into well #15, EOG must do the AOR cement repair work required about 10 years ago. Please work with the BLM and Hobbs OCD to get this work completed. If EOG wishes to contest this required work on three AOR wells, then please have your attorney contact Gail MacQuesten as to how to proceed - and likely enter a case for an examiner hearing.

Unless documents exist granting the operator relief from the requirements of R-11099, it appears that EOG as the successor operator is out of compliance with R-11099.

Furthermore, this is now a "compliance matter" as injection has proceeded for 10 years without the required cement area repair work - and "waste" issues may exist. If EOG does not proceed with this work, repairing the three AOR wells, and converting the proposed well to injection, then it may be subject to penalties - depending on what the OCD compliance team determines.

Thank You for the Prior submittal,
Regards,

William V. Jones PE
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Santa Fe, NM 87505
505-476-3448



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order WFX-849

December 26, 2008

Stan Wagner
EOG Resources, Inc.
PO Box 2267
Midland, TX 79702

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order R-11099, EOG Resources, Inc. (OGRID No. 7377) has made application to the Division for permission to add one additional injection well to its Corbin Federal Delaware Unit Waterflood Project located within the West Corbin; Delaware Pool (Pool No. 13195) in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

The application was filed in due form. No objections have been filed within the waiting period prescribed by Division Rule 26.8C.(2). The proposed injection well is eligible for conversion to injection under the terms of Rule 26.8. The operator is in compliance with Rule 5.9.

This well will be the second injection well in the waterflood. This well was not one of the original three wells approved for injection in R-11099. Only one of those wells (#4) has been used for injection. The operator of this waterflood has not completed the required cementing repairs as required in R-11099. Those cementing repairs should be done prior to any injection into this well.

The proposed expansion of the above-referenced waterflood project, will prevent waste, is in the best interests of conservation, will not impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED THAT:

EOG Resources, Inc. is hereby authorized to inject water into the unitized interval of the Corbin Federal Delaware Unit Waterflood Project, through plastic-lined tubing set



in a packer located within 100 feet of the top of the injection interval in the following-described well for purposes of secondary recovery:

Corbin Federal Delaware Unit Well No. 15 (API No. 30-025-30658)

810' FNL, 1980' FEL, Unit B, Sec 18, T18S, R33E, NMPM

Permitted Injection Interval: 4950 to 5102 (Perforations)

Injecting Water through 2-3/8 inch tubing

Maximum Surface Injection Pressure: 990 PSIG

Prior to any injection into this well, the cement repair work as ordered in R-11099 shall be completed. Each of the three wells shall be squeeze cemented in order to, at a minimum, cover the unitized interval as defined in R-11099. Work should be done under guidance of the BLM's Carlsbad office and the Hobbs district office of the Division.

West Corbin Federal No. 1 (API No. 30-025-24744) Unit H of Sec 18

TOC is above 7,877 on 5-1/2 inch casing, 8-5/8 is set at 4,425 feet.

West Corbin Federal No. 5 (API No. 30-025-29298) Unit E of Sec 17

Existing TOC is 7,075 on 5-1/2 inch casing, 8-5/8 is set at 2,920 feet.

Huber 17 Federal No. 1 (API No. 30-025-29425) Unit M of Sec 17

Existing TOC is 6,500 on 5-1/2 inch casing, 8-5/8 is set at 2,920 feet.

The operator shall provide proof of completion of this repair work and then obtain written permission from the engineering bureau of the Division prior to commencing injection into the Corbin Federal Delaware Unit Well No. 15.

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 well, 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 pressure limiting devices which will limit the wellhead pressure to the maximum surface injection pressure described above.

The Director of the Division may authorize an increase in injection pressure upon a proper showing that such higher pressure will not result in migration of the injected fluid from the permitted injection interval. Such proper showing shall consist of a valid step-rate test with the addition of any other supporting determination of fracturing pressure, run in accordance with and acceptable to the Division.

The operator shall notify the District office of the date and time of the installation of injection equipment and of all mechanical integrity tests so that the same may be inspected and witnessed.

The operator shall immediately notify the District office of the failure of the tubing, casing or packer in said well 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 R-11099 and Rule 26.9 through Rule 26.13 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 at least one of the subject wells, provided however, the Division, upon written request by the operator received prior to the one year deadline, may grant an extension thereof for good cause shown.

MARK E. FESMIRE, P.E.
Director

MEF/wvjj

cc: Oil Conservation Division – Hobbs
Bureau of Land Management – Carlsbad