



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order WFX-854
(Corrected 9-3-09)

September 3, 2009

Mr. Kevin Mayes
Apache Corporation
6150 S Yale Ave
Suite 1500
Tulsa, OK 74136-4224

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

West Blinebry Drinkard Unit (WBDU) Southland Royalty A Well No. 8 (API No. 30-025-20069) 660 FSL, 1980 FEL, Sec 4, T21S, R37E, NMPM, Lea County

This date you have submitted a request on behalf of Apache Corporation (OGRID No. 873) to:

- a) change the vertical extent perforation interval within the West Blinebry Drinkard Unit Waterflood Project, thereby allowing Apache to extend the top perforation from 5686 feet to 5610 feet in the WBDU Well No. 8 (API No. 30-025-20069); and
- b) to move the packer depth from 5600 feet to 5560 feet

IT APPEARS THAT:

- a) Apache has to-date found additional well history showing the upper perforations to be 76 feet higher than originally thought;
- b) The Southland Royalty A Well No. 8 was approved in R-12981 on August 11, 2008, as an injection well;
- c) The Division's Hobbs district is aware of this request and has no objection.



As such, Apache's request is in the interest of conservation and will prevent waste and protect the environment.

IT IS THEREFORE ORDERED THAT:

The applicant Apache Corporation, is hereby authorized to inject water into the Drinkard and Blinebry formations, Eunice Blinebry-Tubb-Drinkard, North Pool, through the *perforated interval from 5,610 feet to 6,610 feet using 2-3/8 inch plastic-lined tubing set in a packer located at a depth of 5,550 feet in the following described well:*

West Blinebry Drinkard Unit Well No. 11
(Southland Royalty A Well No. 8)
API No. 30-025-20069
660' FSL & 1980' FEL Unit O,
Section 4, Township 21S, Range 37E
Injection Intervals: 5,610'-5,984' & 6,617'-6,649' Perforated
Maximum Surface Injection Pressure: 1120 PSIG

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 a pressure limiting device 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 by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Drinkard and Blinebry 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 of the installation of injection equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

September 3, 2009

Page 3

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 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 No. R-12981, and Rules 26.9-26.13 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, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

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

Sincerely,



MARK E. FESMIRE, P.E.
Director

MEF/tw

cc: Oil Conservation Division – Hobbs
Hearing Order No. R-12981
Well File API No. 30-025-20069

Warnell, Terry G, EMNRD

From: Jones, William V., EMNRD
Sent: Thursday, September 03, 2009 11:16 AM
To: Warnell, Terry G, EMNRD
Cc: Mull, Donna, EMNRD
Subject: FW: WFX-854

Hello to Ms. Donna:
Forwarded this to Terry. At the moment, he does WFX or PMX or IPI orders.

Thanks for catching this,

Will

From: Mull, Donna, EMNRD
Sent: Monday, August 31, 2009 9:03 AM
To: Jones, William V., EMNRD
Cc: Kautz, Paul, EMNRD; Hill, Larry, EMNRD
Subject: WFX-854

Will, This order needs correction.

Under IT IS THEREFORE ORDERED THAT:

1st paragraph Should read:

The applicant Apache Corporation is hereby authorized to inject water into the Drinkard and Blinebry formation, ~~Eunice Blinebry-Tubb-Drinkard, North Pool~~, through the Perforated interval from 5,610 feet to 6610 feet using 2-3/8 inch plastic-lined tubing set in a packer located at a depth of 5,550 feet in the following described well:

Pool 22960.

Please correct the Pool from Drinard and Blinebry Oil and Gas Pool to Eunice Blinebry-Tubb-Drinkard, North Pool.

Thanks Donna