



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

JOHNSON

Governor
Liz A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER NO. WFX-779.

APPLICATION OF CONCHO OIL & GAS CORPORATION TO EXPAND ITS WATERFLOOD PROJECT IN THE TWIN LAKES-SAN ANDRES ASSOCIATED POOL IN CHAVES COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-8611, as amended, Concho Oil & Gas Corporation has made application to the Division on November 20, 2001, for permission to expand its Twin Lakes San Andres Unit Waterflood Project in the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided that all offset operators have been duly notified of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection wells are eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the Twin Lakes San Andres Unit Waterflood Project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Concho Oil & Gas Corporation, is hereby authorized to inject water into the San Andres formation through the gross perforated interval from approximately 2,589 feet to approximately 2,807 feet through 2 3/8-inch plastic-lined tubing set in a packer located within 100 feet of the uppermost injection perforations in the following described wells for purposes of secondary recovery to wit:

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TLSAU No. 18
API No. 30-005-60536
990' FNL & 2310' FEL, Unit B,
Section 36, T-8 South, R-28 East, NMPM
Perforated Interval: 2589'-2,632'
Maximum Surface Injection Pressure: 518 psi

TLSAU No. 80
API No. 30-005-62213
2310' FNL & 1675' FEL, Unit G,
Section 6, T-9 South, R-29 East, NMPM
Perforated Interval: 2,715'-2,807'
Maximum Surface Injection Pressure: 543 psi

TLSAU No. 329
API No. 30-005-63190
1140' FNL & 2310' FWL, Unit C,
Section 6, T-9 South, R-29 East, NMPM
Perforated Interval: 2,694'-2,739'
Maximum Surface Injection Pressure: 539 psi

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, 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 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 Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said wells that such higher pressure will not result in migration of the injected fluid from the San Andres formation. 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 Artesia district office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity tests so that the same may be inspected and witnessed.

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The operator shall immediately notify the supervisor of the Artesia 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.

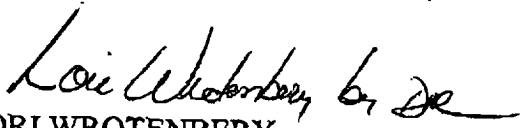
The subject wells shall be governed by all provisions of Division Order No. R-8611, as amended, and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

DONE at Santa Fe, New Mexico, on this 5th day of December, 2001.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL

LW/DRC

cc: Oil Conservation Division - Artesia