

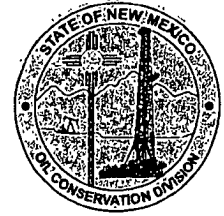


New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
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Oil Conservation Division



Administrative Order WFX-850

January 27, 2009

Tony Beilman
Melrose Operating Company
1000 W. Wilshire, Suite 223
Oklahoma City, OK 73116

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order R-2243, Melrose Operating Company (OGRID No. 184860) has made application to the Division for permission to add five water injection wells to its Jalmat Field Yates Sand Unit Waterflood Project located within the Jalmat-Tansill-Yates-SevenRivers Oil Pool (33820) 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 wells are eligible for conversion to injection under the terms of Rule 26.8. The operator is in compliance with Rule 5.9.

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:

Melrose Operating Company is hereby authorized to inject water into the unitized interval, through plastic-lined tubing set in packers located within 100 feet of the top of the injection intervals in the following-described wells for purposes of secondary recovery:



API	Well Num	Unit	Sec	Tsp	Rge	Top Perf	Bot Perf	Tubing	Pressure	Comments
30-025-08595	106	C	11	22S	35E	3874	4035	2-3/8	775	
30-025-33679	167	A	11	22S	35E	3806	3913	2-3/8	761	
30-025-37492	223	O	11	22S	35E	3854	3997	2-3/8	771	
30-025-37498	224	P	11	22S	35E	3832	3972	2-3/8	766	
30-025-38921	107	B	11	22S	35E	3850	4075	2-3/8	770	
30-025-38922	249	I	11	22S	35E	3700	4200	2-3/8	740	Est Perfs
30-025-38923	168	M	12	22S	35E	3808	4098	2-3/8	762	
30-025-38924	178	N	12	22S	35E	3724	3852	2-3/8	745	
30-025-38926	233	O	2	22S	35E	3811	4034	2-3/8	762	
30-025-38927	234	P	2	22S	35E	3818	3992	2-3/8	764	
30-025-38928	235	A	11	22S	35E	3808	4098	2-3/8	762	
30-025-38929	236	E	12	22S	35E	3700	4200	2-3/8	740	Est Perfs
30-025-38930	237	L	12	22S	35E	3806	4072	2-3/8	761	
30-025-38932	240	N	2	22S	35E	3834	4041	2-3/8	767	
30-025-38933	241	M	2	22S	35E	3835	4052	2-3/8	767	
30-025-38934	243	E	11	22S	35E	3700	4200	2-3/8	740	Est Perfs
30-025-38941	242	D	11	22S	35E	3795	3890	2-3/8	759	

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 these wells, the casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

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 wells or injection 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 increases in injection pressure upon a proper showing by the operator that higher pressure will not result in migration of the injected fluid from the permitted injection interval or harmful formation fracturing. Such proper showing shall consist of valid step-rate tests and possibly injection profiles or pressure transient testing run in accordance with and acceptable to this office.

The operator shall notify the supervisor of 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 supervisor of the District Office 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-2243, and Rules 26.9 through 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/wvj

cc: Oil Conservation Division – Hobbs