

OIL CONSERVATION DIVISION

ADMINISTRATIVE ORDER NO. WFX-675

APPLICATION OF CIRCLE RIDGE PRODUCTION, INC. TO EXPAND ITS WATERFLOOD PROJECT IN THE CAPROCK QUEEN POOL IN CHAVES COUNTY, NEW MEXICO**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-1128, Circle Ridge Production, Inc. has made application to the Division on August 14, 1995, to expand its Drickey Queen Sand Unit Waterflood Project in the Caprock Queen 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 well is eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced Drickey Queen Sand Unit Waterflood Project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Circle Ridge Production, Inc., be and the same is hereby authorized to inject water into the Queen formation at approximately 2796 feet to approximately 3066 feet through 2 inch plastic lined tubing set in a packer located within approximately 100 feet of the uppermost injection perforation in the following described well for purposes of secondary recovery to wit:

OFFICE OF THE SECRETARY - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5950
ADMINISTRATIVE SERVICES DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5925
ENERGY CONSERVATION AND MANAGEMENT DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5900
FORESTRY AND RESOURCES CONSERVATION DIVISION - P. O. BOX 1948 - SANTA FE, NM 87504-1948 - (505) 827-5830
MINING AND MINERALS DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5970
OIL CONSERVATION DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-7131
PARK AND RECREATION DIVISION - P. O. BOX 1147 - SANTA FE, NM 87504-1147 - (505) 827-7465

<i>Well</i>	<i>Location</i>	<i>Injection Interval</i>	<i>Packer</i>	<i>Maximum Pressure</i>
Drickey Queen Sand Unit Well No.2-A	"A" 33-13S-31E	2796'-2804'	2750'	559 psig
Drickey Queen Sand Unit Well No.4-H	"H" 10-14S-31E	3042'-3066'	3025'	608 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 Drickey Queen Sand Unit Well No.2-A, the operator shall perform cement squeeze operations to establish a top of cement at approximately 2300 feet on the following two wells:

<i>Well</i>	<i>Location</i>	<i>Current TOC</i>	<i>Required TOC</i>
Rock Queen Unit Well No.5	"E" 34-13S-31E	2707'	2300'
Rock Queen Unit Well No.6	"F" 34-13S-31E	2704'	2300'

Prior to commencing injection operations into the wells, 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 wells or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection wells to no more than .2 psi per foot of depth to the uppermost injection perforation.

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 Queen 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 Hobbs 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.

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 wells and shall take such steps as may be timely and necessary to correct such failure or leakage.

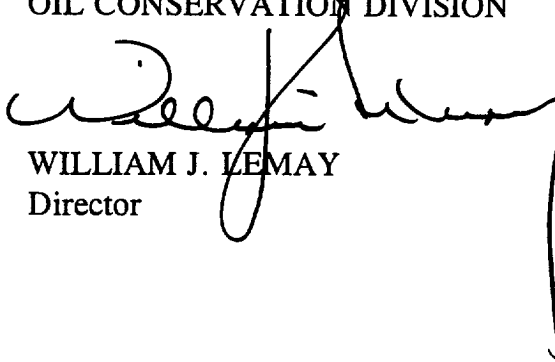
The subject wells shall be governed by all provisions of Division Order No. R-1128, as amended and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, 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 28th day of August, 1995.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Hobbs ✓