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ADMINISTRATIVE ORDER NO. ~~WAL-676~~

**APPLICATION OF DWIGHT A. TIPTON TO EXPAND ITS WATERFLOOD PROJECT IN
THE MALJAMAR POOL IN LEA COUNTY, NEW MEXICO**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-10151, Dwight A. Tipton has made application to the Division on June 16, 1995 for permission to expand its Shenandoah-Grayburg-San Andres (Northeast Maljamar) Waterflood Project in the Maljamar Pool in Lea 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 expansion of the above referenced Shenandoah-Grayburg-San Andres (Northeast Maljamar) Waterflood Project will not cause waste nor impair correlative rights.
- (5) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Dwight A. Tipton, be and the same is hereby authorized to inject water into the Grayburg and San Andres formations at approximately 4265 feet to approximately 4498 feet through 2 3/8-inch polyethylene lined tubing set in a packer at approximately 4200 feet in the following described well for purposes of secondary recovery to wit:

Aztec State Well No.7
2140' FNL and 1980' FEL
Unit Letter "J" G
Section 8, Township 17 South, Range 33 East, NMPM
Lea County, New Mexico

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 of the injection well to no more than 853 psi.

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 Grayburg and San Andres 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 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 well and shall take such steps as may be timely and necessary to correct such failure or leakage.

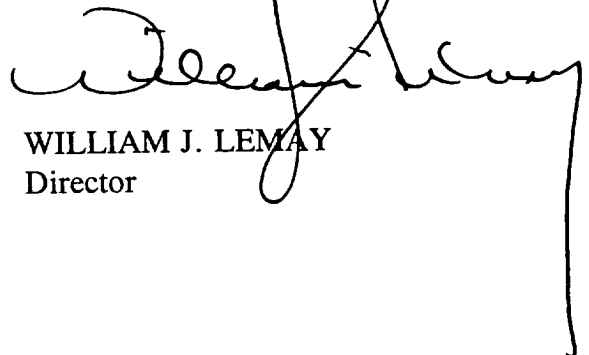
The subject well shall be governed by all provisions of Division Order No. R-3155, and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 well, 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 6th day of November, 1995.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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cc: Oil Conservation Division - Hobbs ✓
State Land Office - Oil & Gas Division