

AMERADA HESS CORPORATION

P. O. DRAWER "D"
MONUMENT, NEW MEXICO 88265

March 24, 1992

New Mexico Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

Attn: Mr. David Catanach

Ref: Exhibit A of Division Order R-9596 and NMOCD Letter From Jerry Sexton, Supervisor, District 1, Dated March 20, 1992.

Mr. Catanach:

Amerada Hess Corporation respectfully request approval to substitute the following listed alternate wells to take the place of specific Authorized Injection Wells listed in Exhibit A of the Order Of The Division also listed below.


Our request for this approval arises over the fact that the wells in question, listed on Exhibit A as Authorized Injection wells were not acquired into the North Monument Grayburg/San Andres Unit and therefore we are asking approval to substitute these wells in question with the listed alternate wells.

1. Request approval to substitute the Conoco State A-17 #7-M (330/S & W) for the approved and instead of the Conoco State A-17 #1-M (660/S & W) of Section 17, T19S, R37E as shown on Exhibit A.
2. Request approval to substitute the Shell State D #3-I (2307/S & 990/E) for the approved and instead of the Shell State D #2-I (1980/S & 660/E) Sec. 19, T19S, R37E as shown on Exhibit A.
3. Request approval to substitute the Amerada State F #6-M (990/S & 610/W) for the approved and instead of the Amerada State F #1-M (660/S & W) Sec. 36, T19S, R36E as shown on Exhibit A.
4. The Amerada V. Laughlin #2-C 660/N & 1980/W Sec. 9, T20S, R37E was approved for injection but will not become a North Monument Grayburg San Andres Unit well but shall remain 100% to Amerada Hess Corporation as a gas well. No substitute wellbore was available for submission into the unit and therefore NMOCD approval of a future replacement well as injector will be made at the time of replacement.

New Mexico Oil Conservation Division
Exhibit A of Division Order R-9596
Page 2

If you require any additional information concerning our request to get approval of these alternate wells as Authorized Injection Wells on Exhibit A of the Order Of Division R-9596 please call at (505) 393-0087.

Very truly yours,



Robert L. Williams, Jr.
NMGSAU Unit Superintendent

RLW:tlh

Attachments

xc: Jerry Sexton, Suprv. Dist. 1
Roy Wheeler
File

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:

RECEIVED
OCT 15 1991
CAMPBELL & BLACK

CASE NO. 10252
ORDER NO. R-9596

APPLICATION OF AMERADA HESS CORPORATION
FOR A WATERFLOOD PROJECT, LEA COUNTY,
NEW MEXICO.

BY THE DIVISION

ORDER OF THE DIVISION

This cause came on for hearing at 8:15 a.m. on September 19, 1991 at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 15th day of October, 1991, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises.

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Amerada Hess Corporation, seeks authority to institute a waterflood project in its North Monument Grayburg-San Andres Unit by the injection of water into the Grayburg-San Andres formation, Eunice Monument Grayburg-San Andres Pool, through the gross perforated and/or open hole interval from approximately 3720 feet to 3965 feet in 108 existing or newly drilled wells (shown on Exhibit "A" attached hereto) located in Townships 19 and 20 South, Ranges 36 and 37 East, NMPM, Lea County, New Mexico.

(3) By Order No. R-9494 issued in Case No. 10253 on May 1, 1991, the Division, upon application of Amerada Hess Corporation, approved the North Monument Grayburg-San Andres Unit which comprises some 13,385 acres in Townships 19 and 20 South, Ranges 36 and 37 East, NMPM, Lea County, New Mexico.

(13) The injection wells or pressurization system should be initially equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 0.2 psi per foot of depth to the top injection perforation, or in the case of open hole completions, the casing shoe.

(14) As of the date of the hearing, the applicant did not have information regarding the exact location of injection perforations or open hole injection intervals in each of the proposed 108 injection wells.

(15) As such information becomes known, the applicant should be required to submit the exact location of the injection interval in each of the proposed injection wells to the Santa Fe office of the Division in order that maximum surface injection pressures may be assigned to such wells.

(16) The Division Director should have the authority to administratively authorize a pressure limitation in excess of the pressure limitation described in Finding No. (13) above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(17) The operator should give advance notification to the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment, of the mechanical integrity pressure tests, and of the conductance of any remedial cement or plugging operations in order that the same may be witnessed.

(18) Prior to commencing injection operations into the proposed NMGSAU Block 18 Well Nos. 13 and 15, the applicant should be required to submit to the Santa Fe office of the Division an executed copy of an Injection Lease-Line Agreement.

(19) The application should be approved and the project should be governed by the provisions of Rule Nos. 701 through 708 of the Oil Conservation Division Rules and Regulations.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Amerada Hess Corporation, is hereby authorized to institute a waterflood project in its North Monument Grayburg-San Andres Unit (as fully described in Division Order No. R-9494) by the injection of water into the Grayburg-San Andres formation, Eunice Monument Grayburg-San Andres Pool, through the gross perforated and/or open hole interval from approximately 3720 feet to 3965 feet in 108 existing or newly drilled wells (shown on Exhibit "A" attached hereto) located in Townships 19 and 20 South, Ranges 36 and 37 East, NMPM, Lea County, New Mexico.

(10) The operator shall give advance notification to the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment, of the mechanical integrity pressure tests, and of the conductance of any remedial cement or plugging operations in order that the same may be witnessed.

(11) The applicant shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in any of the injection wells, the leakage of water or oil from or around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area, and shall take such steps as may be timely and necessary to correct such failure or leakage.

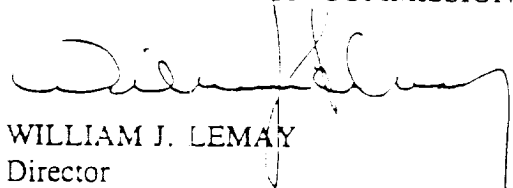
(12) Prior to commencing injection operations into the proposed NMGSAU Block 18 Well Nos. 13 and 15, the applicant shall submit to the Santa Fe office of the Division an executed copy of an Injection Lease-Line Agreement.

(13) The subject waterflood project is hereby designated the North Monument Grayburg-San Andres Unit Waterflood Project, and the applicant shall conduct injection operations in accordance with Division Rule Nos. 701 through 708 and shall submit monthly progress reports in accordance with Division Rule Nos. 706 and 1115.

(14) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


WILLIAM J. LEMAY
Director

S E A L

EXHIBIT 'A'
DIVISION ORDER NO. R 9596
NORTH MONTGOMERY GRAYBURG SAN ANDRES UNIT
APPROVED INJECTION WELLS
EXISTING WELLS

| Operator | Lease Name & Well No. | Location | Unit | STR | Proposed Block | NMGSAD Well No. |
|------------------|----------------------------|-----------------------|------|------------|----------------|-----------------|
| Amerada Hess | State 'J' No. 1 | 640' FSL & 1980' FEL | O | 2-20S-36E | 18 | 15 |
| Amerada Hess | State 'J' No. 3 | 1980' FSL & 1980' FWL | K | 2-20S-36E | 18 | 11 |
| Amerada Hess | State 'S' No. 2 | 640' FSL & 640' FWL | M | 2-20S-36E | 18 | 13 |
| Chevron USA Inc. | Graham State (NCT-B) No. 2 | 1980' FSL & 640' FEL | I | 2-20S-36E | 18 | 9 |
| Mobil TX & NM | State 'A' No. 1 | 640' FNL & 640' FEL | A | 2-20S-36E | 18 | 1 |
| Mobil TX & NM | State 'A' No. 4 | 1980' FNL & 1980' FEL | G | 2-20S-36E | 18 | 7 |
| Conoco Inc. | Reed 'A-3' No. 1 | 640' FNL & 640' FEL | A | 3-20S-36E | 18 | 17 |
| Shell Western | State 'B' No. 3 | 640' FNL & 1980' FWL | C | 36-19S-36E | 14 | 3 |
| Amerada Hess | State 'A-7' No. 1 | 1980' FSL & 640' FLL | I | 7-19S-37E | 1 | 9 |
| Chevron USA Inc. | F.W. Kutter (NCT-D) No. 1 | 640' FSL & 640' FWL | M | 8-19S-37E | 1 | 13 |
| Conoco Inc. | State 'A-17' No. 1 | 640' FSL & 640' FWL | M | 17-19S-37E | 3 | 13 |
| Conoco Inc. | State 'A-17' No. 4 | 1980' FSL & 1980' FWL | K | 17-19S-37E | 3 | 11 |
| Chevron USA Inc. | Graham State (NCT-G) No. 1 | 640' FSL & 1980' FEL | O | 17-19S-37E | 3 | 15 |
| Amerada Hess | State 'G' No. 1 | 640' FSL & 640' FWL | M | 18-19S-37E | 2 | 13 |
| Chevron USA Inc. | F.W. Kutter (NCT-C) No. 2 | 1980' FNL & 1980' FEL | G | 18-19S-37E | 2 | 7 |
| Chevron USA Inc. | F.W. Kutter (NCT-C) No. 4 | 1980' FNL & 640' FWL | E | 18-19S-37E | 2 | 5 |

EXHIBIT 'A'
DIVISION ORDER NO. R 99%,
NORTH NODDUMINT GRAYBURG SAN ANDREAS UNIT
APPROVED INJECTION WELLS
EXISTING WELLS

| Operator | Lease Name & Well No. | Location | Unit | STR | Proposed Block | NMGS AU Well No. |
|-------------------|-------------------------|-----------------------|------|------------|----------------|------------------|
| Amerada Hess | State 'R' No. 1 | 1980' FSL & 1980' FWL | K | 29-19S-37E | 11 | 11 |
| Chevron USA Inc. | Fred Luthy No. 1 | 1980' FNL & 660' FWL | E | 29-19S-37E | 11 | 5 |
| Chevron USA Inc. | D.A. Williams No. 2 | 660' FSL & 1980' FEL | O | 29-19S-37E | 11 | 15 |
| The Wiser Oil Co. | Luthy 'A' State No. 1 | 1980' FNL & 1980' FEL | G | 29-19S-37E | 11 | 7 |
| Shell Western | State 'F' No. 1V | 2280' FSL & 990' FEL | I | 29-19S-37E | 11 | 9 |
| Texaco Inc. | Skelly 'E' State No. 2 | 660' FNL & 660' FEL | A | 29-19S-37E | 11 | 1 |
| Marathon | Elliott 'A' State No. 2 | 1980' FSL & 660' FEL | I | 30-19S-37E | 10 | 9 |
| Amerada Hess | B.V. Culp No. 1 | 330' FSL & 2310' FFL | O | 31-19S-37E | 15 | 15 |
| Amerada Hess | J.R. Phillips 'A' No. 3 | 1980' FNL & 1980' FEL | G | 31-19S-37E | 15 | 7 |
| Chevron USA Inc. | B.V. Culp (NCT-B) No. 2 | 1980' FSL & 660' FEL | I | 31-19S-37E | 15 | 9 |
| Chevron USA Inc. | J.R. Phillips No. 2 | 660' FNL & 660' FEL | A | 31-19S-37E | 15 | 1 |
| Amerada Hess | J.R. Phillips 'A' No. 3 | 2310' FSL & 2310' FWL | K | 31-19S-37E | 15 | 11 |
| Amerada Hess | J.R. Phillips 'B' No. 4 | 1980' FNL & 990' FWL | E | 31-19S-37E | 15 | 5 |
| Amerada Hess | D.F. Larsen No. 4 | 1980' FNL & 1980' FEL | G | 32-19S-37E | 16 | 7 |
| Amerada Hess | State 'U' No. 1 | 1980' FNL & 660' FWL | E | 33-19S-37E | 16 | 5 |
| Chevron USA Inc. | May L. Love Com No. 1 | 660' FSL & 1980' FEL | O | 32-19S-37E | 16 | 15 |

EXHIBIT "A"
DIVISION ORDER NO. R 9596
NORTH MONUMENT GRAYBURG SAN ANDRES UNIT
APPROVED INJECTION WELLS
EXCLUDING WELLS

| Operator | Lease Name & Well No. | Location | Unit | STR | Proposed Block | NMGSAP Well No. |
|------------------|----------------------------|---------------------|------|------------|----------------|-----------------|
| Amerada Hess | Lambert No. 3 | 1980 FNL & 640 FFL | A | 6-20S-37E | 20 | 1 |
| Amerada Hess | V. Laughlin No. 2 | 640 FNL & 1980 FNL | C | 9-20S-37E | 24 | 3 |
| Shell Western | State "C" No. 1Y | 990 FNL & 330 FFL | A | 24-19S-36E | 4 | 17 |
| Texaco Inc. | B.M. Keohane "A" No. 1 | 640 FNL & 640 FFL | A | 18-19S-37E | 2 | 1 |
| Shell Western | State "D" No. 2 | 1980 FNL & 640 FFL | I | 19-19S-37E | 5 | 9 |
| Shell Western | State "H" No. 1 | 1980 FNL & 640 FFL | I | 20-19S-37E | 6 | 9 |
| Shell Western | Cooper "B" No. 1 | 330 FNL & 2310 FNL | C | 4-20S-37E | 22 | 3 |
| Amerada Hess | State "V" No. 1 | 330 FNL & 330 FFL | A | 36-19S-36E | 14 | 1 |
| Amerada Hess | State "V" No. 4 | 1980 FNL & 1980 FFL | G | 36-19S-37E | 14 | 7 |
| Amerada Hess | State "T" No. 1 | 640 FNL & 640 FFL | M | 36-19S-36E | 14 | 13 |
| Amerada Hess | State "T" No. 3 | 1980 FNL & 1980 FNL | K | 36-19S-36E | 14 | 11 |
| Shell Western | State "B" No. 1 | 1980 FNL & 640 FNL | E | 36-19S-36E | 14 | 5 |
| Oryx Energy | W.B. Mavery No. 1 | 1980 FNL & 640 FFL | I | 35-19S-36E | 13 | 9 |
| Chevron USA Inc. | Graham State (NCT-C) No. 4 | 640 FNL & 1980 FFL | O | 24-19S-36E | 4 | 15 |
| Chevron USA Inc. | Graham State (NCT-C) No. 3 | 1980 FNL & 1980 FFL | G | 24-19S-36E | 4 | 7 |
| Amerada Hess | State Monument "A" No. 2 | 2322 FNL & 992 FNL | E | 2-20S-36E | 18 | 5 |

EXHIBIT "B"
DIVISION ORDER NO. R-9596
NORTH MONUMENT GRAYBURG SAN ANDRES UNIT
INADEQUATELY CEMENTED WELLS

| Operator | Lease Name & Well No. | Unit | S-T-R |
|----------------|------------------------------------|------|------------|
| Amerada Hess | State "F" No. 1 | M | 36-19S-36E |
| Amerada Hess | W.A. Weir "B" No. 1 | G | 26-19S-36E |
| Shell Oil | State "B" No. 1 | E | 36-19S-36E |
| Amerada Hess | State "D" No. 1 | D | 1-20S-36E |
| Texaco Inc. | New Mexico "E" State (NCT-1) No. 1 | M | 1-20S-36E |
| Mobil | State "A" No. 2 | B | 2-20S-36E |
| Mobil | State "A" No. 3 | H | 2-20S-36E |
| Marathon | Elliot State No. 1 | J | 30-19S-37E |
| Arco Oil & Gas | J.R. Phillips "A" No. 1 | M | 31-19S-37E |
| Amerada Hess | J.R. Phillips No. 1 | A | 1-20S-36E |
| Texaco Inc. | New Mexico "E" State (NCT-1) No. 2 | N | 1-20S-36E |



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

BRUCE KING
GOVERNOR

March 20, 1992

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

Amerada Hess Corporation
P.O. Drawer D
Monument, NM 88265

Attn: Mr. Robert L. Williams, Jr.

RE: North Monument G/SA Unit Waterflood
Authorized Injection Wells - R-9596

Gentlemen:

Division order R-9596 authorized certain wells as injection wells in the above-referenced waterflood project. A review of the files of approved injection wells indicates that you did not acquire some wells that were authorized as injection wells.

You took Conoco State A-17 #7-M (330/S & W) instead of approved Conoco State A-17 #1-M (660/S & W) of Section 17, T19S, R37E.

You took Shell State D #3-I (2307/S & 990/E) instead of approved Shell State D #2-I (1980/S & 660/E) Sec. 19, T19S, R37E.

You took Amerada State F #6-M (990/S & 610/W) instead of approved State F #1-M (660/S & W Sec. 36, T19S, R36E.

Also, the Amerada V. Laughlin #2-C 660/N & 1980/W Sec. 9, T20S, R37E, was approved for injection but was not taken into the unit. Please advise status of plans for this well.

If you plan to substitute these alternate wells for injection wells you will need to request approval to do so by letter to David Catanach. If the area of review for any of these wells includes acreage outside the unit boundary you will need to notify the offset operator. Any questions you have concerning the approval of the substitution of these wells as injection wells should be directed to David Catanach in our Santa Fe office at (505) 827-5807.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

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cc: David Catanach

