

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division
ADMINISTRATIVE ORDER NO. WFX-777

APPLICATION OF HENRY PETROLEUM L.P. TO EXPAND ITS WATERFLOOD PROJECT IN THE JUSTIS BLINEBRY-TUBB-DRINKARD POOL IN LEA COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-9747, Henry Petroleum, L.P., has made application to the Division on September 5, 2001, for permission to expand its South Justis Unit Waterflood Project in the Justis Blinebry-Tubb-Drinkard 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 injection wells are eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the South Justis Unit Waterflood Project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Henry Petroleum, L.P., is hereby authorized to inject water into the Blinebry-Tubb-Drinkard formation at approximately 5,114 feet to approximately 6,117 feet through 2 3/8-inch plastic lined tubing set in a packer located approximately 100 feet above the uppermost injection perforation in the following-described wells for purposes of secondary recovery to wit:

South Justis Unit No. B-12
API No. 30-025-20547
1650' FNL & 2310' FWL, Unit F,
Injection Interval-5,114'-6,113'
Section 11, Township 25 South, Range 37 East, NMPM

South Justis Unit No. B-13
API No. 30-025-21078
2160' FSL & 2310' FWL, Unit K,
Injection Interval-5,144'-6,177'
Section 11, Township 25 South, Range 37 East, NMPM

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 wells, 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 injection wells or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection wells to 1023 psig for the SJU No. B-12, and 1029 psig for the SJU No. B-13.

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 Blinbry-Tubb-Drinkard 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 test 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.

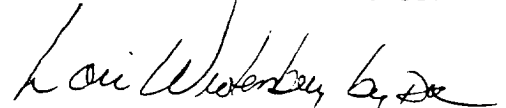
The subject wells shall be governed by all provisions of Division Order No. R-9747 and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 3rd day of October, 2001.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Hobbs /