

BEFORE THE OIL CONSERVATION COMMISSION 8-34-32N-YTW
OF THE STATE OF NEW MEXICO

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

CASE No. 2994
Order No. R-2664

APPLICATION OF SKELLY OIL COMPANY
FOR A PRESSURE MAINTENANCE PROJECT,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
February 19, 1964, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this 13th day of March, 1964, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

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

(2) That the applicant, Skelly Oil Company, seeks authority
to institute a pressure maintenance project in the Many Rocks-
Gallup Oil Pool, San Juan County, New Mexico, by the injection of
water into the Gallup (Tocito) Sandstone formation underlying its
Navajo "P" and "M" Leases in Sections 25, 26, 34, 35, and 36,
Township 32 North, Range 17 West, NMPM, San Juan County, New
Mexico, initially through its Navajo "P" Well No. 6 located in
Unit P of said Section 35.

(3) That the applicant seeks the promulgation of special
rules and regulations governing the proposed project similar to
the special rules and regulations governing the Many Rocks-Gallup
Pressure Maintenance Project No. 1 promulgated by Order No. R-2541.

(4) That the proposed pressure maintenance project is in
the interest of conservation and should result in greater ultimate
recovery of oil, thereby preventing waste.

(5) That the proposed special rules and regulations should
be adopted in order to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby authorized to institute a pressure maintenance project designated the Many Rocks-Gallup Pressure Maintenance Project No. 3 in the Many Rocks-Gallup Oil Pool, San Juan County, New Mexico, by the injection of water into the Gallup (Tocito) Sandstone formation initially through its Navajo "P" Well No. 6 located in Unit P of Section 35, Township 32 North, Range 17 West, NMPM, San Juan County, New Mexico.

(2) That special rules and regulations governing the Many Rocks-Gallup Pressure Maintenance Project No. 3, San Juan County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
MANY ROCKS-GALLUP PRESSURE MAINTENANCE PROJECT NO. 3

RULE 1. The project area of the Many Rocks-Gallup Pressure Maintenance Project No. 3, hereinafter referred to as the Project, shall comprise the following-described area:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 32 NORTH, RANGE 17 WEST, NMPM
Section 26: W/2 SW/4
Section 34: NE/4, NE/4 NW/4, and N/2 SE/4
Section 35: NW/4 and S/2

RULE 2. The allowable for the Project shall be the sum of the allowables of the several wells within the project area, including those wells which are shut-in, curtailed, or used as injection wells. Allowables for all wells shall be determined in a manner hereinafter prescribed.

RULE 3. Allowables for injection wells may be transferred to producing wells within the project area, as may the allowables for producing wells which, in the interest of more efficient operation of the Project, are shut-in or curtailed because of high gas-oil ratio, pressure regulation, control of pattern or sweep efficiencies, or to observe changes in pressures or changes in characteristics of reservoir liquids or progress of sweep.

RULE 4. The allowable assigned to any well which is shut-in or which is curtailed in accordance with the provisions of Rule 3, which allowable is to be transferred to any well or wells in the project area for production, shall in no event be greater than its ability to produce during the test prescribed by Rule 6, below, or greater than the current top unit allowable for the pool during the month of transfer, whichever is less.

RULE 5. The allowable assigned to any injection well on a 40-acre proration unit shall be top unit allowable for the pool.

RULE 6. The allowable assigned to any well which is shut-in or curtailed in accordance with Rule 3 shall be determined by a 24-hour test at a stabilized rate of production which shall be the final 24-hour period of a 72-hour test throughout which the well should be produced in the same manner and at a constant rate. The daily tolerance limitation set forth in Rule 502 I (a) of the General Rules and Regulations and any limiting gas-oil ratio for the pool shall be waived during such tests. The project operator shall notify the Commission and all offset operators in writing of the exact time and date such tests are to be conducted. The Commission and representatives of the offset operators may witness the tests.

RULE 7. The allowable assigned to each producing well in the Project shall be equal to the well's ability to produce or to top unit allowable for the pool, whichever is less. Each producing well shall be subject to the limiting gas-oil ratio (2,000 to 1) for the pool, except that any well or wells within the project area producing with a gas-oil ratio in excess of 2,000 cubic feet of gas per barrel of oil may be produced on a "net" gas-oil ratio basis, which net gas-oil ratio shall be determined by applying credit for daily average gas injected, if any, into the pool within the project area to such high gas-oil ratio well. The daily adjusted oil allowable for any well receiving gas injection credit shall be determined in accordance with the following formula:

$$A_{adj} = \frac{TUA \times F_a \times 2,000}{\frac{P_g - I_g}{P_o}}$$

where:

A_{adj} = the well's daily adjusted allowable

TUA = top unit allowable for the pool

F_a = the well's acreage factor

P_g = average daily volume of gas produced by the well during the preceding month, cubic feet

I_g = the well's allocated share of the daily average gas injected during the preceding month, cubic feet

P_o = average daily volume of oil produced by the well during the preceding month, barrels

In no event shall the amount of injected gas being credited to a well be such as to cause the net gas-oil ratio, $\frac{P_g - I_g}{P_o}$, to be less than 2,000 cubic feet of gas per barrel of oil produced.

RULE 8. Credit for daily average net water injected into the pool through any injection well located within the project area may be converted to its gas equivalent and applied to any well producing with a gas-oil ratio in excess of two thousand cubic feet of gas per barrel of oil. Total credit for net water injected in the project area shall be the gas equivalent volume of the daily average net water injected during a one-month period. The daily average gas equivalent of net water injected shall be computed in accordance with the following formula:

$$E_g = (V_w \text{ inj} - V_w \text{ prod}) \times 5.61 \times \frac{P_a}{15.025} \times \frac{520^\circ}{T_r} \times \frac{1}{Z}$$

where:

- E_g = Average daily gas equivalent of net water injected, cubic feet
- $V_w \text{ inj}$ = Average daily volume of water injected, barrels
- $V_w \text{ prod}$ = Average daily volume of water produced, barrels
- 5.61 = Cubic foot equivalent of one barrel of water
- P_a = Average reservoir pressure at mid-point of the pay-zones of the pool in the project area, psig + 12.01, as determined from most recent survey
- 15.025 = Pressure base, psi
- 520° = Temperature base of 60°F expressed as absolute temperature
- T_r = Reservoir temperature of 92°F expressed as absolute temperature (552°R)
- Z = Compressibility factor from analysis of gas from the pool at average reservoir pressure, P_a , interpolated from compressibility tabulation below:

Reservoir Pressure	Z	Reservoir Pressure	Z	Reservoir Pressure	Z
50	.9725	300	.8325	550	.6560
100	.9465	350	.8030	600	.6135
150	.9215	400	.7710	650	.5655
200	.8885	450	.7220	700	.5220
250	.8600	500	.6900	750	.4630
				800	.3935

RULE 9. Each month the project operator shall, within three days after the normal unit allowable for Northwest New Mexico has been established, submit to the Commission a Pressure Maintenance Project Operator's Report, on a form prescribed by the Commission, outlining thereon the data required, and requesting allowables for each of the several wells in the project as well as the total Project allowable. The aforesaid Pressure Maintenance Project Operator's Report shall be filed in lieu of Form C-120 for the Project.

RULE 10. The Commission shall, upon review of the report and after any adjustments deemed necessary, calculate the allowable for each well in the Project for the next succeeding month in accordance with these rules. The sum of the allowables so calculated shall be assigned to the Project and may be produced from the wells in the Project in any proportion.

RULE 11. The conversion of producing wells to injection, the drilling of additional wells for injection, and expansion of the project area shall be accomplished only after approval of the same by the Secretary-Director of the Commission. To obtain such approval, the project operator shall file proper application with the Commission, which application, if it seeks authorization to convert additional wells to injection or to drill additional injection wells shall be filed in accordance with Commission Rule 701-B and shall be accompanied by a statement that all offset operators to the proposed injection well have been furnished a complete copy of the application and the date of notification.

The Secretary-Director may approve the proposed injection well if, within 15 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators and from the State Engineer.

Expansion of the project area may be approved by the Secretary-Director of the Commission administratively when good cause is shown therefor.

-6-

CASE No. 2994

Order No. R-2664

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/