

CASE 4607: Application of PENROC
OIL CORP. FOR A WATERFLOOD EXPAN-
SION AND AMEND ORDER NO. R-3494.

*OK will you
advise*

Case Number
4607

Application

Transcripts

Small Exhibits

ETC.

1 MR. NUTTER: We will call Case No. 4607.

2 MR. HATCH: Case 4607. Application of Penroc Oil
3 Corporation for a waterflood expansion and amendment of Order
4 No. R-3494, Eddy County, New Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason
6 Kellahin, Kellahin and Fox, Santa Fe, appearing for the
7 applicant. We have one witness I would like to have sworn.

8 (Witness sworn)

9 JOHN CASTLE

10 having been first duly sworn, according to law, upon his oath
11 testified as follows:

12 DIRECT EXAMINATION

13 BY MR. KELLAHIN:

14 Q Would you state your name please?

15 A John Castle.

16 Q By whom are you employed and in what position, Mr. Castle?

17 A Penroc Oil Corporation, and I am President.

18 Q Have you testified before the Oil Conservation Commission
19 or one of its examiners and made your qualifications a
20 matter of record?

21 A Yes, I have.

22 MR. KELLAHIN: Are the witness' qualifications
23 acceptable?

24 MR. NUTTER: Yes, they are.

25 Q Mr. Castle, are you familiar with the application of

dearnley-meier reporting services, inc.

1 Penroc Oil Corporation in Case No. 4607?

2 A Yes.

3 Q What is proposed by the applicants in this case?

4 A Penroc proposes to drill an injection well on its Phillips

5 Artesia Waterflood Project in the Artesia-Grayburg-Queen-

6 San Andres field, Eddy County.

7 Q And is that a part of an existing waterflood project?

8 A Yes.

9 Q Was that waterflood project approved by this Commission?

10 A Yes, it was.

11 Q And has been in operation for some time?

12 A Yes.

13 Q Now, in the application, Mr. Castle, the applicant asks

14 for a location 2640 feet from the south line and 1320

15 feet from the east line. It was advertised, however, as

16 2645 feet from the south line and 1325 feet from the east

17 line to get it off of the survey line.

18 A Yes, that's correct.

19 Q Did that have any effect on your application?

20 A No, it doesn't.

21 Q That is satisfactory with you?

22 A Yes.

23 Q Now, referring to what has been marked as the Applicant's

24 Exhibit No. 1, would you identify that exhibit?

25 A Exhibit No. 1 is a plat showing the Penroc's lease

dearnley-meier reporting service, inc.

1 outlined in red. It shows also our proposed injection well
2 located -- which will be located 2645 from the south line,
3 1325 feet from the east line of Section 27, Township 17
4 South, Range 25 East, in the Artesia-Queen-Grayburg-San
5 Andres field.

6 Q Now, is your existing waterflood also shown on this exhibit?

7 A Yes. All of the -- as is shown in the right-hand bottom
8 part of this plat, it shows the existing injection wells,
9 the existing shallow Permian wells, and the Abo reef wells,
10 gas wells and dry holes.

11 Q And it shows the lease ownership within a radius of two
12 miles of your injection well?

13 A Yes, it does.

14 Q Now, referring to what has been marked as Exhibit No. 2,
15 would you discuss that exhibit?

16 A Exhibit No. 2 is a graph which shows the oil production for
17 five or six months before the waterflood was commenced.

18 Then it shows water injection, water production, and
19 the oil production from that point up through August, 1971.

20 Q When was the waterflood started?

21 A It was begun in September of 1968.

22 Q And you received an almost immediate response; is that
23 correct?

24 A Within ninety days we had a response.

25 Q And what has been the history of the oil and production in

dearnley-meier reporting services

1 the water injection since that date?

2 A Since -- from the time we got our first kick it was in
3 November of 1968 until about January or February of 1970.

4 We were producing oil at the rate of around 17,
5 1800 barrels a month. Before the flood was commenced we
6 were producing only around 300 barrels a month.

7 Q And since January or February of 1971 oil production has
8 dropped from around 1700 barrels a month down to about 900?
9 Does it indicate that an additional injection well is
10 necessary to keep the flood in operation?

11 A Yes.

12 Q And will an injection well located as you proposed here in
13 your opinion effectively flood the area involved?

14 A Yes, we think it will.

15 Q What is the source of water you are putting in this well?

16 A We purchase pressured water from Debco, who has the flood
17 adjoining us to the east and southeast.

18 Q And what volumes of water do you anticipate to inject in
19 this well?

20 A We will probably inject around, oh, say 4,000 barrels per
21 month.

22 Q Does it require pressure? Has that been your experience?

23 A Yes. It will be under pressure of approximately 900
24 pounds.

25 Q Has that been your experience in your other injection

1 wells?

2 A Yes.

3 Q And that effectively injects the producing horizon in this
4 instance?

5 A Yes.

6 Q Now, referring to what has been marked as Exhibit No. 3,
7 would you identify that exhibit?

8 A Exhibit No. 3 is a sketch showing the way the injection
9 well will be completed, so beginning at the top we will
10 drill to 12-inch hole with cable tools and set 9 5/8
11 inch casing at approximately 500 feet and circulate the
12 cement, blow the surface casing.

13 We will drill an 8 3/4 inch hole to total depth or
14 approximately 200 feet, set 7-inch production string and
15 cement it with 250 sacks which should tie in with the
16 surface casing.

17 We will run plastic-coated 2 3/8 inch tubing with a
18 Baker Pinchon Packer at 1950. We estimate the injection
19 interval to be from 2010 to 2030, which will be the
20 Premiere sand of the Grayburg formation.

21 We will fract that zone with 15,000 gallons of lease
22 crude using 15,000 pounds of sand, total depth will be
23 approximately 2100 feet.

24 Q Now, you will use internally coated tubing?

25 A Yes.

dearnley-meier reporting services inc.

1 Q And inject through the tubing under a packer?

2 A That's right.

3 Q Will you fill the casing tubing annulus with an inert
4 fluid?

5 A Yes, we will.

6 Q Will you set a pressure gauge at the surface?

7 A Yes.

8 Q Were Exhibits 1 and 2 and 3 prepared by you or under your
9 supervision?

10 A Yes.

11 MR. KELLAHIN: At this time I would like to offer in
12 evidence Exhibits 1, 2, and 3.

13 MR. NUTTER: Applicant's Exhibits 1 through 3 will
14 be admitted in evidence.

15 MR. KELLAHIN: That completes our case, Mr. Nutter.

16 CROSS-EXAMINATION

17 BY MR. NUTTER:

18 Q Mr. Castle, you mentioned that you would inject 4000
19 barrels of water per month. Does that mean into each of
20 the two wells?

21 A No.

22 Q Are the totals for both wells?

23 A That will probably be a total for both wells. We won't
24 know the exact amount until after we experiment with it
25 for a couple of months.

1 Q In other words, according to your Exhibit No. 2 you are
2 injecting approximately 4000 barrels a month now, so it
3 is just more or less divided this in half?

4 A Yes. If we would check to see what kind of response we
5 get after a couple of months then we might increase it or
6 decrease it after that.

7 Q I see. Now, with reference to your Exhibit 3, up at the
8 top here it says the 9 5/8 inch casing will be set at
9 500 with calculated cement. I think your testimony was
10 circulated cement.

11 A That is what it is supposed to be. That is a misprint.

12 Q And also down at the bottom here we would have to, I guess,
13 since the application was amended, the footages would be
14 amended to be 2645 feet from the south line and 1325 feet
15 from the east line.

16 A Yes, that's right.

17 MR. NUTTER: Are there any further questions of
18 Mr. Castle? He may be excused.

19 (Witness excused)

20 MR. NUTTER: Do you have anything further, Mr.
21 Kellahin?

22 MR. KELLAHIN: That's all, Mr. Nutter. Thank you.

23 MR. NUTTER: Does anyone have anything they wish to
24 offer in Case 4607? We'll take the case under advisement.

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I N D E X

WITNESS

PAGE

JOHN CASTLE

Direct Examination by Mr. Kellahin

2

Cross-Examination by Mr. Nutter

7

E X H I B I T S

OFFERED IN EVIDENCE

PAGE

Applicant's Exhibits 1 through 3

7

1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO)

3 I, LINDA MALONE, Court Reporter, do hereby certify that
4 the foregoing and attached Transcript of Hearing before the
5 New Mexico Oil Conservation Commission was reported by me;
6 that the same is a true and correct record of the said
7 proceedings, to the best of my knowledge, skill and ability.

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11 Linda Malone
12 Court Reporter
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I do hereby certify that the foregoing is
a complete record of the proceedings in
the hearing before the Commission in
Case No. 4607
heard by me on 10/13/71
19.71

New Mexico Oil Conservation Commission

BEFORE THE OIL CONSERVATION COMMISSION
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. 4607
Order No. R-4212

APPLICATION OF PENROC OIL CORPORATION
FOR A WATERFLOOD EXPANSION AND AMEND-
MENT OF ORDER NO. R-3494, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 13, 1971, at Roswell, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of October, 1971, 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, Penroc Oil Corporation, seeks permission to expand its Phillips Artesia Waterflood Project, Artesia Pool, by an additional injection well to be located 2645 feet from the South line and 1325 feet from the East line of Section 27, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

(3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(4) That the proposed expansion of the Phillips Artesia Waterflood Project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

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CASE NO. 4607

Order No. R-4212

(5) That an administrative procedure should be adopted whereby the Secretary-Director of the Commission may authorize additional injection wells within said waterflood project as may be necessary to complete efficient injection patterns.

(6) That the subject application should be approved and the expanded project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations; provided, however, that the showing of well response as required by Rule 701 E-5 should not be necessary before obtaining administrative approval for the conversion of additional wells to water injection, and provided further that said injection wells would be drilled no closer than 330 feet to the outer boundary of the waterflood project area nor closer than 5 feet to any quarter-quarter section or subdivision inner boundary.

IT IS THEREFORE ORDERED:

(1) That the applicant, Penroc Oil Corporation, is hereby authorized to expand the Phillips Artesia Waterflood Project, Artesia Pool, by an additional injection well to be located 2645 feet from the South line and 1325 feet from the East line of Section 27, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

PROVIDED HOWEVER, That injection through the above-described well shall be accomplished through 2 3/8-inch plastic-lined tubing installed in a packer set at approximately 1950 feet, with injection into the casing-tubing annulus shall be filled with an inert fluid; and that a pressure gauge shall be attached to the annulus at the surface in order to determine leakage in the casing-tubing, or packer.

(2) That the expanded waterflood project shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations;

PROVIDED HOWEVER, that the Secretary-Director of the Commission may approve such additional injection wells within said project area as may be necessary to complete efficient injection patterns; provided said wells are drilled no closer than 330 feet to the outer boundary of said waterflood project area nor closer than 5 feet to any quarter-quarter section or subdivision inner boundary, and provided that the application therefor has been filed in accordance with Rule 701 B of

-3-

CASE NO. 4607

Order No. R-4212

the Commission Rules and Regulations and is accompanied by evidence that the operator of any productive lease offsetting the proposed location has assented thereto. The showing of well response as required by Rule 701 E-5 shall not be necessary before obtaining administrative approval for the conversion of additional wells to water injection.

(3) That monthly progress reports of the expanded water-flood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(4) 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



Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMILLO, Member

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

S E A L

dr/



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE

87501

November 3, 1971

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Dear Mr. Kellahin:

Reference is made to Commission Order No. R-4212, recently entered in Case No. 4607, approving the expansion of the Phillips Artesia Waterflood Project.

Injection in the newly authorized water injection well shall be through plastic-coated tubing set in a packer which shall be located within 100 feet of the uppermost perforation in the Premier Sand. The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface.

As to allowable, our calculations indicate that when all of the authorized injection wells have been placed on active injection, the maximum allowable which this project will be eligible to receive under the provisions of Rule 701-E-3 is 238 barrels per day when the Southeast New Mexico normal unit allowable is 42 barrels per day or less.

Please report any error in this calculated maximum allowable immediately, both to the Santa Fe office of the Commission and the appropriate district proration office.

In order that the allowable assigned to the project may be kept current, and in order that the operator may fully benefit from the allowable provisions of Rule 701, it behooves him to promptly notify both of the aforementioned Commission offices by letter of any change in the status of wells in the project area, i.e., when active injection commences, when additional injection or producing wells are drilled, when additional wells are acquired through purchase or unitization, when wells have received a response to water injection, etc.

-2-

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Santa Fe, New Mexico

November 3, 1971

Your cooperation in keeping the Commission so informed as to the status of the project and the wells therein will be appreciated.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/DSN/ir

cc: Oil Conservation Commission
Hobbs and Artesia, New Mexico

Mr. D. E. Gray, State Engineer Office
Santa Fe, New Mexico

Docket No. 22-71

DOCKET: REGULAR HEARING - WEDNESDAY - OCTOBER 13, 1971

OIL CONSERVATION COMMISSION - 9 A.M. - ROSWELL INN, 1815 NORTH MAIN,
ROSWELL, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for November and December, 1971;
- (2) Consideration of the allowable production of gas for November, 1971, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for November, 1971.

CASE 4575: (De Novo)

Application of Anadarko Production Company for the amendment of the special pool rules for an existing pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the special rules and regulations governing the South Eunice-San Andres Pool to provide for the classification of oil and gas wells, spacing and well location requirements, and an allocation formula for withdrawals by oil and gas wells.

Upon application of Anadarko Production Company, this case will be heard De Novo under the provisions of Rule 1220.

CASE 4557: (De Novo)

Application of Continental Oil Company for transfer of allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to transfer allowable across boundaries of the participating area and the leases outside said area, but within the Maljamar Co-operative Area, MCA Unit Area, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.

Upon application of Continental Oil Company, this case will be heard De Novo under the provisions of Rule 1220.

THE FOLLOWING CASES WILL BE HEARD BEFORE DANIEL S. NUTTER, EXAMINER, OR ELVIS A. UTZ, ALTERNATE EXAMINER, ALSO AT THE
ROSWELL INN:

- CASE 4605: Application of Elk Oil Company for special pool rules and a non-standard gas proration unit, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Round Tank-Queen Pool,

Regular Hearing - October 13, 1971

-2-

Docket No. 22-71

(Case 4605 continued)

including provisions for the classification of oil and gas wells, spacing and well location requirements for oil and gas wells, and a limiting gas-oil ratio of 6,000 to 1. Applicant further seeks approval of a 120-acre non-standard gas proration unit comprising the W/2 SW/4 and SE/4 SW/4 of Section 30, Township 15 South, Range 29 East, Chaves County, New Mexico, to be dedicated to its JW Well No. 2 located in Unit L of said Section 30.

CASE 4606: Application of Black River Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its Cities-Federal Well No. 2 located 2310 feet from the South and East lines of Section 34, Township 25 South, Range 24 East, undesignated Morrow gas pool, Eddy County, New Mexico, with the E/2 of said Section 34 to be dedicated to the well.

CASE 4448: (Reopened)

In the matter of Case 4448 being reopened pursuant to the provisions of Order No. R-4060, which order established 160-acre spacing units and an 80-acre proportional factor of 4.00 for the West Mescalero-Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested persons may appear and show cause why said pool should not be developed on less than 160-acre spacing units and why the 80-acre proportional factor of 4.00 assigned to the pool should or should not be retained.

CASE 4607: Application of Penroc Oil Corporation for a waterflood expansion and amendment of Order No. R-3494, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to expand its Phillips Artesia Waterflood Project, Artesia Pool, by an additional injection well to be located 2645 feet from the South line and 1325 feet from the East line of Section 27, Township 17 South, Range 28 East, Eddy County, New Mexico. Applicant further seeks the amendment of Order No. R-3494 to permit administrative approval for additional

(Case 4607 continued)

injection wells in said project without a showing of well response.

CASE 4608: Application of Jack L. McClellan for the creation of a new pool and special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Siluro-Devonian formation for his Bar-J Federal Well No. 1 located in Unit E of Section 15, Township 6 South, Range 27 East, Chaves County, New Mexico, and the assignment of approximately 32,300 barrels of discovery allowable to said well. Applicant further seeks the promulgation of special rules for said pool including a provision for 80-acre spacing and proration units.

CASE 4609: Application of Jack L. McClellan for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sulimar-Queen Unit Area comprising 1520 acres, more or less, of Federal lands in Sections 13, 23, 24, 25, and 26 of Township 15 South, Range 29 East and Sections 16 and 19 of Township 15 South, Range 30 East, Chaves County, New Mexico.

CASE 4610: Application of Jack L. McClellan for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Sulimar-Queen Pool by the injection of water through various wells located in Sections 13, 23, 24, 25, and 26 of Township 15 South, Range 29 East and Sections 18 and 19 of Township 15 South, Range 30 East, Chaves County, New Mexico.

CASE 4611: Southeastern New Mexico nomenclature case calling for an order for the extension of certain pools in Lea, Chaves and Roosevelt Counties, New Mexico.

(a) Extend the Allison-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
SECTION 3: N/2 SE/4

(Case 4611 continued)

(b) Extend the Bluit-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 38 EAST, NMPM
SECTION 16: S/2

(c) Extend the Vest Ranch-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM
SECTION 28: SE/4

(d) Extend the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

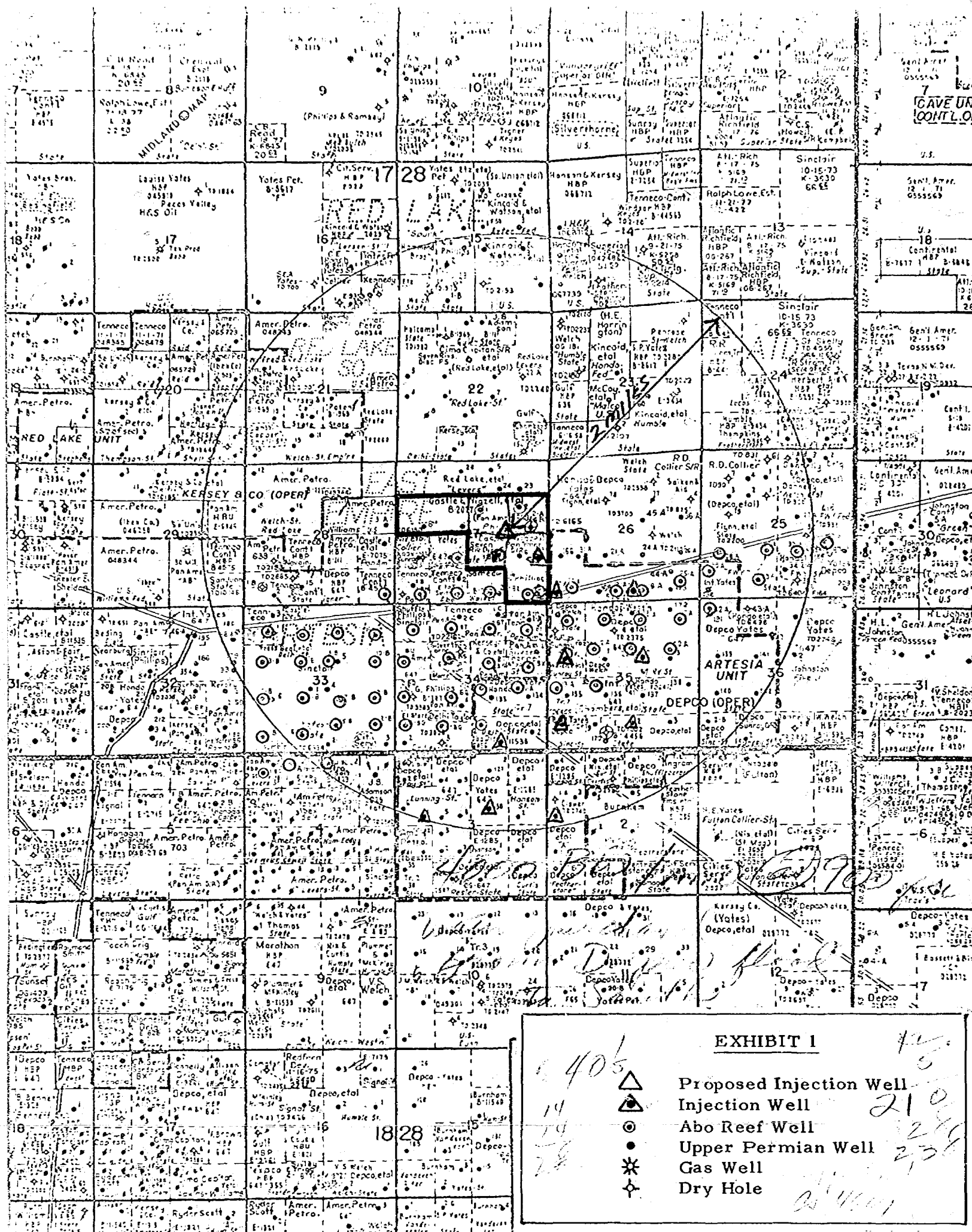
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
SECTION 12: NE/4

CASE 4539: (Continued from the September 1, 1971 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Doanbuy Lease & Company, Inc., and all other interested persons to appear and show cause why its following described wells in Section 27, Township 14 South, Range 33 East, Saunders Pool, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4593: (Continued from the September 15, 1971 Examiner Hearing)

Application of Continental Oil Company for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose of water produced by wells located on its W. R. Means lease comprising the S/2 and NW/4 of Section 28, and E/2 and E/2 W/2 of Section 29, Township 14 South, Range 30 East, Vest Ranch-Queen Pool, Chaves County, New Mexico, in unlined surface pits.

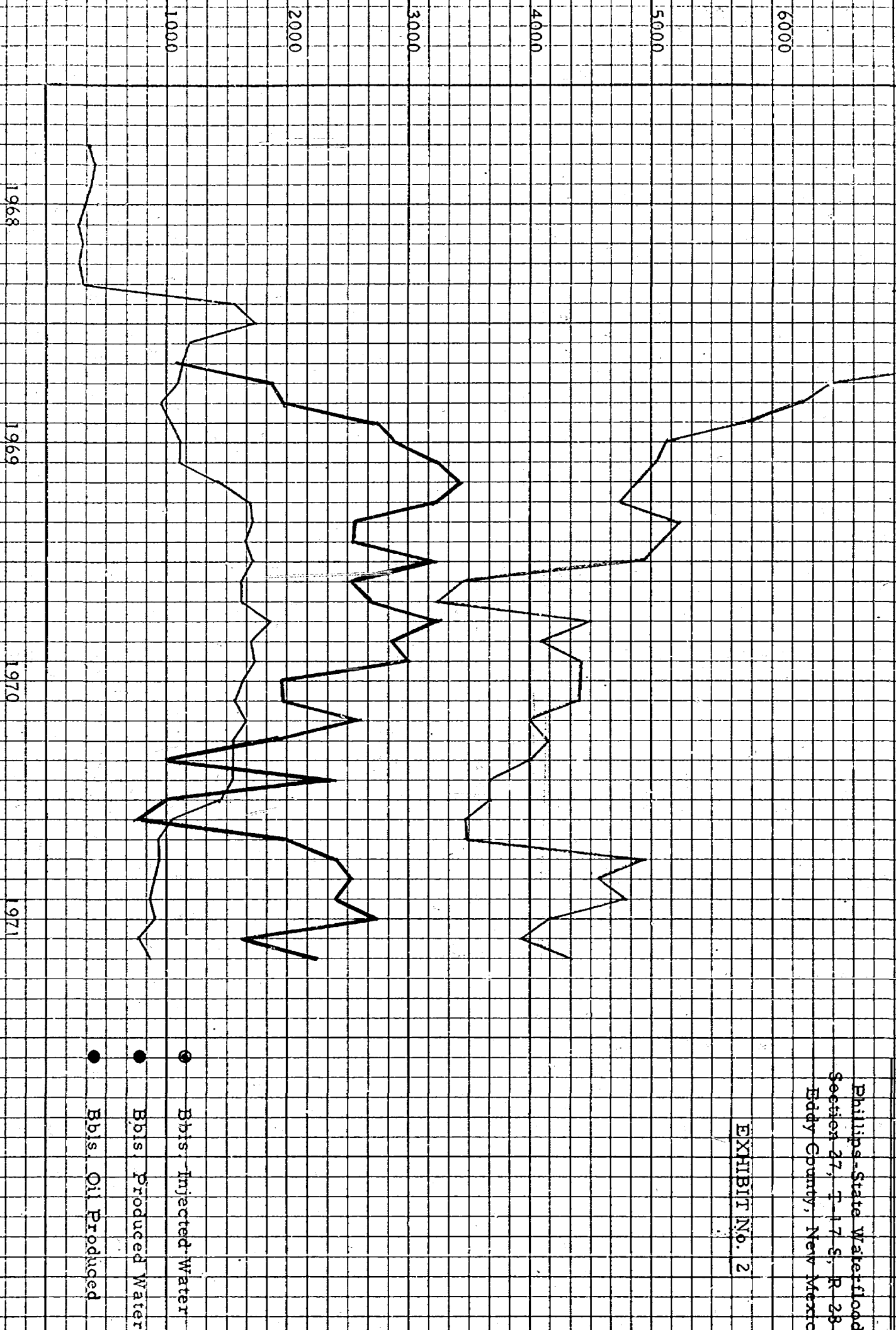


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PENROC OIL CORPORATION

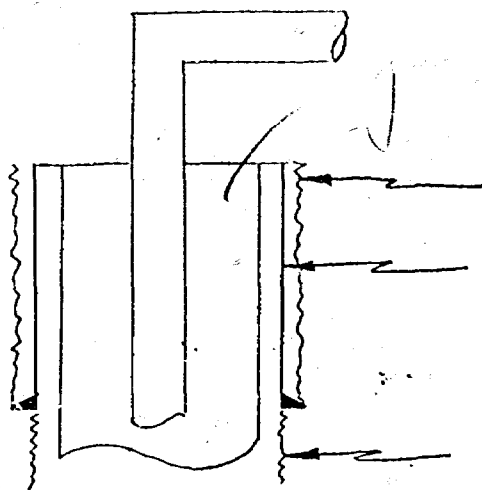
Phillips-State Waterflood
Section 27, T-17-S, R-28-E
Eddy County, New Mexico

EXHIBIT No. 2



EXHIBIT

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
CASE NO. 4607
EX 3

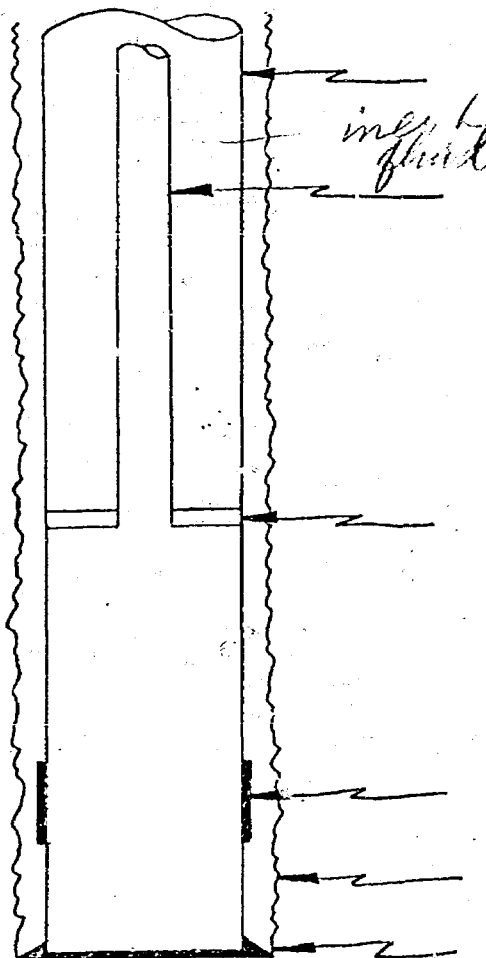


Hole size, 12". (Cable tools)

9-5/8", 32.30#, J-55 casing set at 500'
with ~~calculated~~ cement.

circulate

Hole size 8-3/4" from 500' to 2100'.



7", 20#, J-55 casing set at 2100' with 250 sacks of
cement with a calculated top of cement 150'.

internally
Plastic coated 2-3/8" O.D. EUE tubing.

Baker tension packer set at 1950'.

Injection interval, Est. 2010' - 2030' (Premier Sand).
Propose to frac with 15,000 gals. Lease Crude and 15,000# sd.
Top San Andres, Est. 2040'.

Total Depth, 2100'.

PENROC OIL CORPORATION

Phillips-State #10 Water Injection
Artesia, Queen, Grayburg, San Andres Field
~~2640' FSL and 1320' FEL~~
Section 27-17S-28E
Eddy County, New Mexico

2645' 1325'

RECEIVED
SEP 14 1971

OIL CONSERVATION COMM.
SANTA FE

BEFORE THE OIL CONSERVATION COMMISSION
OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF PENROC OIL CORPORATION FOR
APPROVAL OF EXPANSION OF A WATER
FLOOD PROJECT, EDDY COUNTY, NEW MEXICO.

Case 4667

A P P L I C A T I O N

Comes now Penroc Oil Corporation and applies to the Oil Conservation Commission of New Mexico for expansion of a waterflood project, Eddy County, New Mexico, and in support thereof would show the Commission:

1. The Commission has heretofore approved, by its Order No. R-3494, a waterflood project in the Grayburg formation of the Artesia Pool, which project has been designated as the Penroc Phillips Artesia Waterflood Project.
2. In that order to meet problems of a lease-line agreement, and to properly develop the injection pattern in the waterflood project, applicant proposes to add an additional water injection well, to be located 2640 feet from the South line, and 1320 feet from the East line of Section 27, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.
3. It is possible that additional injection wells will be required which do not meet the requirements of Rule 701, and an administrative procedure should be adopted for the approval of such additional wells.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as re-

Consent Location to
2645' from S line of 1320' from E line of
27. Not used for this 4:45 PM 9/21

DOCKET MAILED
10-1-71

quired by law, the Commission enter its order granting approval of the additional injection well, and adoption of an administrative procedure for the approval of additional injection wells. . .

Respectfully submitted,
PENROC OIL CORPORATION

By Jason W. Kellahin
Jason W. Kellahin

KELLAHIN & FOX
P.O. Box 1769
Santa Fe, New Mexico 87501

Attorneys for Applicant

ROUGH DRAFT FOR WATERFLOOD LETTERS

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Dear Sir:

Referred is made Commission Order No. *recently* R-4212, entered in Case No. 4607, approving the *Phillips Artesia Waterflood Project.*
~~Waterflood Project.~~

Injection into the newly authorized water injection well shall be through plastic-lined tubing set in a packer which shall be located within 100 feet of the uppermost perforation in the Premier sand. The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface.

As to allowable, our calculations indicate that when all of the authorized injection wells have been placed on active injection, the maximum allowable which this project will be eligible to receive under the provisions of Rule 701-E-3 is 238 barrels per day when the Southeast New Mexico normal unit allowable is 42 barrels per day or less.

Please report any error in this calculated maximum allowable immediately, both to the Santa Fe office of the Commission and the appropriate district proration office.

In order that the allowable assigned to the project may be kept current, and in order that the operator may fully benefit from the allowable provisions of Rule 701, it behooves him to promptly notify both of the aforementioned Commission offices by letter of any change in the status of wells in the project area, i.e., when active injection commences, when additional injection or producing wells are drilled, when additional wells are acquired through purchase or unitization, when wells have received a response to water injection, etc.

Your cooperation in keeping the Commission so informed as to the status of the project and the wells therein will be appreciated.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

cc: OCC: Hobbs x
Artesia x
Aztec

USGS

~~Mr. Frank J. Gray~~, State Engineer Office, Santa Fe, New Mexico
Mr. D. E. Gray

DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION
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:

APPLICATION OF PENROC OIL CORPORATION
FOR A WATERFLOOD EXPANSION AND AMEND-
MENT OF ORDER NO. R-3494, EDDY COUNTY,
NEW MEXICO.

CASE No. 4607

Order No. R- 4212

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 13, 1971,
at ~~Santa Fe~~ New Mexico, before Examiner Daniel S. Nutter.
Roswell.

NOW, on this _____ day of October, 1971, 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, Penroc Oil Corporation, seeks permis-
sion to expand ^{it} the Phillips Artesia Waterflood Project, Artesia
Pool, by an additional injection well to be located 2645 feet from
the South line and 1325 feet from the East line of Section 27,
Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

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(3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(4) That the proposed expansion of the Phillips Artesia Waterflood Project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That an administrative procedure should be adopted whereby the Secretary-Director of the Commission may authorize additional injection wells ~~and producing wells at orthodox and unorthodox locations~~ within said waterflood project as may be necessary to complete efficient injection ~~and production~~ patterns.

(6) That the subject application should be approved and the expanded project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations; provided, however, that the showing of well response as required by Rule 701 E-5 should not be necessary before obtaining administrative approval for the conversion of additional wells to water injection, and provided further that said injection ~~and producing~~ wells would
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be drilled no closer than 5 feet to the outer boundary of the waterflood project area nor closer than 5 feet to any quarter-quarter section or subdivision inner boundary.

IT IS THEREFORE ORDERED:

(1) That the applicant, Penroc Oil Corporation, is hereby authorized to expand the Phillips Artesia Waterflood Project, Artesia Pool, by an additional injection well to be located 2645 feet from the South line and 1325 feet from the East line of

Section 27, Township 17 South, Range 28 East, NMPM, Eddy County,
New Mexico.

(2) That the expanded waterflood project shall be governed
by the provisions of Rules 701, 702, and 703 of the Commission
Rules and Regulations;

PROVIDED HOWEVER, that the Secretary-Director of the Commis-
sion may approve such additional injection wells ~~and producing~~
wells ~~at orthodox and unorthodox locations~~ within said project area
as may be necessary to complete efficient injection ~~and production~~
patterns; provided said wells are drilled no closer than ³³⁰ ~~5~~ feet
to the outer boundary of said waterflood project area nor closer
than 5 feet to any quarter-quarter section or subdivision inner
boundary, and provided that the application therefor has been
filed in accordance with Rule 701 B of the Commission Rules and
Regulations and is accompanied by evidence that the operator of
any productive lease offsetting the proposed location has assented
thereto. The showing of well response as required by Rule 701 E-5
shall not be necessary before obtaining administrative approval
for the conversion of additional wells to water injection.

(3) That monthly progress reports of the expanded waterflood
project herein authorized shall be submitted to the Commission in
accordance with Rules 704 and 1120 of the Commission Rules and
Regulations.

(4) 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.

that injection through the above described well shall be accomplished through 2 3/8 inch plastic-lined tubing installed in a pocket set at approximately 1950 feet, with injection into the perforated interval from approximately 2010 feet to 2030 feet; that the tubing shall be anchored to the bottom of the well with a pressure gauge, shall be attached to the bottom of the well with a pressure gauge, and shall be anchored to the bottom of the well with a pressure gauge.

Amidst the same

CASE 4608: Application of JACK L.
McCLELLAN for creation of a new
pool and special pool rules.

Contd to 11-13-72
Contd to 11-15-72

Continued to
Dec. 1972

Dec 1972