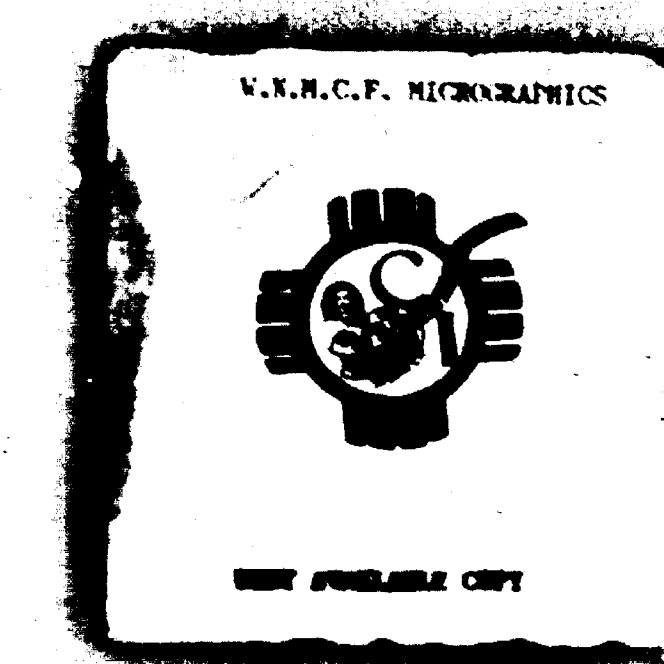


Case No
4074

Large Exhibits



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:

$$E_g = (V_w \text{ inj} - V_w \text{ prod}) \times 5.61 \times \frac{P_a}{15,025} \times \frac{520^\circ}{T_r}$$

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-zone of the pool in the project area, psig + 14.0, as determined from most recent survey
- 15,025 = Pressure base, psi
- 520° = temperature base or T expressed as absolute temperature
- T_r = Reservoir temperature of 115° expressed as absolute temperature (519°R)

Z = Compressibility factor from analysis of La Plata. ~~When the gas is at average reservoir pressure, Z interpolated from compressibility tabulation below.~~

Reservoir Pressure, psig	Reservoir Pressure, psig	Reservoir Pressure, psig	Reservoir Pressure, psig
400	450	500	550
410	460	510	560
420	470	520	570
430	480	530	580
440	490	540	590
450	500	550	600
460	510	560	610
470	520	570	620
480	530	580	630
490	540	590	640
500	550	600	650

RULE 9. Each month the project operator shall, within three days after the initial unit allowable for December 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 line 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 except that no well in the Project which directly or diagonally offsets a well outside the Project producing from the same common source of supply shall produce in excess of two times top unit allowable for the pool.

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 include the following:

- (1) A plat showing the location of proposed injection well, all wells within the project area, and offset operators, ~~and the location of wells which offset the project area.~~



Rule 2. 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, provided that any producing well in the project area which directly or diagonally offsets a well outside the project area producing from the same common source of supply shall not produce in excess of two times top unit allowable for the pool. 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 of 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:

$$A_{adj} = \frac{TUA \times P_g \times 2,000}{P_g - Z_g}$$

Where:

- A_{adj} = the well's daily adjusted allowable
- TUA = top unit allowable for the pool
- P_g = the well's acreage factor
- P_g = average daily volume of gas produced by the well during the preceding month, cubic feet
- Z_g = the well's allocated share of the daily average gas injected during the preceding month, cubic feet

SHOWN ALONG WITH THE PROPOSED INJECTION WELL AND DEPTH SHOWING THAT THE INJECTION OF GAS OR WATER WILL BE CONFINED TO THE SAN ANDREAS FORMATION.

(3) A letter stating what 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 30 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.

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

(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

DAVID F. CARDO, Chairman

CUTTON B. MAYS, Member

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

S E A L

000/

