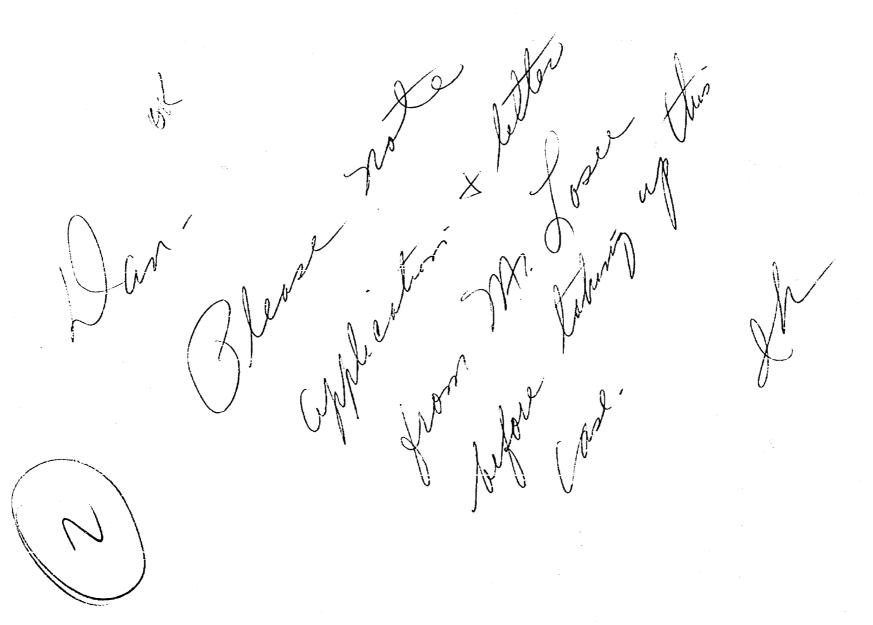
<u>CASE 2712:</u> Application of THE CAPITAN CORP. for a waterflood project, Eddy County, N. Mex.



Stim, Transcript,

1 Exhibits Etc.

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

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

> CASE No. 2712 Order No. R-2395

APPLICATION OF CIMA CAPITAN CORPORATION FOR A WATERFLOOD PROJECT, ARTESIA POOL, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 6, 1962, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

MOW, on this 26th day of December, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Cima Capitan Corporation, seeks permission to institute a waterflood project in the Artesia Pool by the injection of water into the Grayburg-San Andres formations through seven wells located in Section 17, Township 18 South, Range 28 East, NHPM, 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 approval of the subject application will neither cause waste nor impair correlative rights.
- (5) That the subject application should be approved and should be governed by the provisions of Rule 701.

-2-CASE No. 2712 Order No. R-2395

IT IS THEREFORE ORDERED:

(1) That the applicant, Cima Capitan Corporation, is hereby authorized to institute a waterflood project in the Artesia Pool by the injection of water into the Grayburg-San Andres formations through the following-described seven wells located in Section 17, Township 18 South, Range 28 East, NMPM, Artesia Pool, Eddy County, New Mexico:

Welch State Well No. 1, SW/4 ME/4 SW/4; Welch State Well No. 4, NE/4 NE/4 SW/4; Welch State Well No. 5, SW/4 NW/4 SE/4; Adkins-Williams Well No. 1, SW/4 SW/4 SE/4; Adkins-Williams Well No. 6, NE/4 SW/4 SE/4; Adkins-Williams Well No. 7, SW/4 SE/4 SE/4; Adkins-Williams Well No. 10, NE/4 SE/4 SE/4.

- (2) That the subject waterflood project shall be governed by the provisions of Rule 701, including the allowable provisions thereof, and including the provisions with respect to expansion of the waterflood project.
- (3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1119 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.

DOWE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

Jan Hollan

Eswalke

E. S. WALKER, Member

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

esr/

OIL CONSERVATION COMMISSION P. O. BOX 871 SANTA FE, NEW MEXICO

December 27, 1962

Mr. A. J. Losee Losee & Stewart Attorneys at Law Post Office Box 239 Artesia, New Mexico

Dear Sir:

Enclosed herewith is Commission Order No. R-2393, entered in Case No. 2712, approving the Cima Capitan Artesia Waterflood Project.

According to our calculations, 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 308 barrels per day.

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

OIL CONSERVATION COMMISSION p. o. BOX 871 SANTA FE, NEW MEXICO

-2-

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

ALP/ir

CC: Oil Conservation Commission Drawer DD Artesia, New Mexico

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, N. M. PHONE 243.6691 BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 6, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of Cima Capitan Incorporated for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject water into the Grayburg-San Andres formations through seven wells located in Section 17, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico.

CASE 2712

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: Call Case 2712.

MR. DURRETT: Application of Cima Capitan Incorporated for a waterflood project, Eddy County, New Mexico.

MR. LOSEE: A. J. Losee, appearing for the Applicant, and I have one witness, Mr. Hal C. Porter.

(Witness sworn.)

(Whereupon, Applicant's Exhibits 1 through 8 inclusive marked for identification.)

MR. LOSEE: Mr. Examiner, I had a little difficulty acquiring the correct legal name to my client. I would like to show for the record that the correct name is Cima Capitan, Inc. or Incorporated.

MR. NUITER: Yes, sir. We have correspondence correcting



that in our file.

HAL C. PORTER

called as a witness, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. LOSEE:

- State your name, please. Q
- Hal C. Porter.
- Where do you live, Mr. Porter? Q
- Artesia.
- What is your occupation? Q
- Petroleum Engineer.

MR. LOSEE: Are Mr. Porter's qualifications as an expert acceptable?

MR. NUTTER: Yes, sir, they are.

- (By Mr. Losee) Please refer to what has been marked Exhibit 1 and state what it reflects.
- Exhibit l is an area plat showing the leases involved in the application, these being the South Half of the Southeast Quarter, and the Northwest Quarter of the Southeast Quarter, and the Northeast Quarter of the Southwest Quarter of Section 17, Township 18 South, Range 28 East, Eddy County, in the Artesia Poor. It shows the wells and the leases in an area of one mile around the area of the application.
 - Q These leases are in what is known as the Artesia Pool,



DEARNLEY-MEIER REPORTING SERVICE.

are they not?

- Yes, sir. Α
- Is Cima Capitan, Inc. the operator of these leases?
- Yes, sir. Let me say that they have operating agreements which are presently being negotiated.
 - To cover both of these two leases?
 - Yes, sir. That's true.
- Have you made a study of the production history on Q these two leases?
 - Yes, sir, I have.
 - Please refer to Exhibit 2 and state what it portrays.
- Exhibit 2 is a plat showing again the two leases, the Welch State and the Adkins Williams leases, and the wells which are being applied for for injection wells are shown circled in black.
 - Q Now your project area is outlined in yellow, is it not?
- The yellow outline shows the outline of the two leases, yes, sir.
- Q Does this plat also show the location of the plugged and abandoned wells?
 - Yes, sir, it does.
- For the record, would you state which wells in the leades have been plugged and abandoned?
- The wells shown on the plat with the cross are the ones that have been plugged and abandoned. The Wells No. 3 and



SANTA FE, N. M. PHONE 983-3971

1.2

7 have been plugged and abandoned on Welch State; and on the Adkins. the Well No. 1 is plugged and abandoned. Also, Mr. Losee, Wells No. 2 and 2-X, which you can see are drilled on nearly the same location very close to each other, the reason that 2-X is drilled is because No. 2 penetrated only the upper zone and No. 2-X is completed into the deeper zones.

I notice on the Adkins Williams lease that Wells 7. 8, 9, and 10 are proposed locations. What are the company's plans with respect to those locations?

The 40-acre tract on which these wells are located has never been drilled, and Wells No. 7 and 10 are included in the application for injection wells when they are drilled. Nos. 8 and 9 will be producers.

Please refer to Exhibit 3-A and state what it portrays.

Exhibit 3-A is a tabulation of the production history from the Adkins Williams lease. This lease has produced on the order of 170,000 barrels. You can see there are some years where there was no record of the production data. You can't be exactly sure what it has produced, but extrapolating the curve, it's on the order of that. The production for 1962, the first nine months was 1706 barrels; and bringing that out on barrels per day per well basis, the well is presently producing approximately one and a half barrels per well per day.

You mean the wells on this lease are averaging that? Q

Yes. Α



Q I notice in 1961 the production went up some for that year, 3580 barrels as to what it had been for the previous years. Was that because the 2-X Well was drilled in that area during that year?

Yes, sir. Α

Has that well now fallen off?

Yes, it has. No well in there is making an appreciable amount of production.

Refer to Exhibit 3-B.

Exhibit 3-B is a tabulation of the oil production from the Welch State lease, and this lease has produced on the order of 160,000 barrels of oil. Again there's some years we had no record. The lease in 1962, the first nine months, averaged one and a quarter barrels per well per day.

Q Now as to either of these leases, either the Adkins-Williams or the Welch State lease, are there any wells to your knowledge on either lease producing over an average of three barrels a day?

No, sir, they are all down to stripper stage.

Q There are four producing wells on the Adkins and five on the Welch State lease, from your Exhibit 2. In your opinion, have all of these wells reached an advanced or stripper state of depletion?

Yes, sir.

Based upon your study of the production history of Q



these leases and the data that is presented here to the Examiner, have you reached an opinion as to the amount of oil that would be recovered by the proposed waterflood project? If so, what is that volume or ratio?

A Well, sir, we have produced on these leases approximately 330,000 barrels of primary oil. By drawing an analogy between this and other waterfloods in the area, we should produce on the order of approximately 400,000 barrels of oil.

- Q What was that figure again?
- A 400,000 barrels of oil.
- Q This is not set up as a pilot project. Are there any other floods in the immediate area flooding the same zones?

A Yes, sir. The original Graridge waterflood, which is in Section 21, is less than a mile from this area, from the project, and this flood is being conducted in the same pay zones that the floods we propose.

- Q Is that flood of Graridge being successfully operated?
- A Yes, sir, it is. The last figures I had, the original lease that was put under flood had recovered more than one times primary.
- Q In your opinion, then, these two leases, would they be floodable?
 - A Yes, sir.
 - Q Please refer to Exhibit 4 and state what that portrays.
 - A Exhibit 4 is a graph showing the oil production from



the two leases plotted in barrels per year. There are some years there, of course, you can see we don't have any records. You'll notice that in 1951 and '52, the production increased. This was due to deepening. The wells were originally completed in what is known as the old field pay or the first Grayburg, and during this period some of the wells were deepened down to the Lovington sand and you can see the production did increase, and then it started dropping off again. In 1962, it's plotted in barrels per month instead of barrels per year; it's barrels per month. It's indicated there that the 1962 average for all the wells was 1.7 barrels per well per day. It indicates that the wells are depleted and are nearing their economic limit.

Please refer to Exhibit 5-A and state what it purports to portray.

Exhibit 5-A is a presentation of the well data showing the completion date, elevation, location, casings, T.D., treatments, and remarks concerning these wells.

On this exhibit I noticed dates of, completed dates of June 25th with the year not shown. Were those completed back in 1925?

Yes, sir, they were. These were some of the earlier wells that were drilled in the area, and these wells were drilled in 1925, 1926.

In your left-hand column on this exhibit, you have an "I" and "P". Does that indicate injection and producing wells



REPORTING

proposed?

Yes, sir. Α

Q With reference to the injection wells, the casing, surface casing, is that cemented or has it been set, or do you have any records?

The records that we have, of course, are very, very old. It does not state that this casing was cemented, and I doubt very seriously if it was.

Q Please refer to 5-B.

Α Exhibit 5-B is the same as 5-A, except it covers the Adkins-Williams lease.

Are there any type logs available on the wells on either of these two leases?

No, sir. There are no electric logs at all, of any kind. There are some old driller's logs which are very, very general and give no information whatsoever. We do, however, have this Exhibit 5-C which is an offset, a log on an offset well. This well is the Allison No. 1, which is located in the Southeast of the Southwest in the same section, and the purpose of this exhibit is to show the zones which we propose to waterflood; these being the first zone in the Grayburg or the old field pay, as it's called down in Eddy County, at roughly 2,000 feet. This is the same zone that's being flooded by Graridge. Also open in all the wells and to be included in the flood are the Metex zones, which occur on this log between 2,050 and 2,110; the



DEARNLEY-MEIER REPORTING SERVICE, Inc.

SANTA FE, N. M. PHONE 989,3971

JOUEROUE, N. M. DNE 243-669! Premier, which on these logs, the production occurs at 2200; top of the San Andres, which is at 2256; and the Lovington pay, which is, the top of it is at 2400.

Q Are these the intervals that are open to production in the producing wells on the Welch and the Adkins leases?

A Yes, sir.

Q Is it proposed that these same intervals will be open to water in the injection wells?

A Yes, sir, that's right.

Q There will be no exception on any of those injection wells as to these intervals being open?

A No, sir, not so far as everything except possibly the Lovington sand. It's very questionable floodability. I don't think it produced a whole lot primarily, and the chances are it won't produce much secondary. As far as the other pays are concerned, we intend to flood them.

Q What is the source of water for this proposed flood?

A There's no available water on the project as far as shallow surface water sufficient to cover the needs of the water-flood. The Caprock Water Company has a pipeline approximately one-half mile from this area, and they have agreed to sell water for the project.

Q Is that reflected by this letter which has been marked Exhibit 6?

A Yes, six.

Please refer to your Exhibit 7. Explain the proposed casing program for the injection wells. The injection wells, we propose to clean them out to

bottom and pull the long string which is not cemented, apparently is not cemented, and then run a string of 4-1/2 casing all the way to bottom and circulate the cement to the surface and perforate the pay intervals; and Exhibit 7 is a schematic showing how we would like to complete our injection wells.

- So that actually your production string would be cemented from the top to the bottom?
 - Yes, sir.
 - Would that be true on all of your injection wells?
- It would be true on all the old wells that are converted. Now we would like, of course, to retain the privilege of setting sufficient amount of surface pipe and not cementing our long string all the way back to the surface on the new wells that have been drilled.
- Would you cement your surface casing on those two proposed injection wells?
 - Yes.
- How far above the shallowest perforation would your cement be circulated?
- Well, the chances are we would use enough to give us at least 200 feet above the perforations.
 - And you would like permission as to those two new wells



EARNLEY-MEIER REPORTING SERVICE, Inc.

KEFUKIIIN SANTA FE, M. M. PHONE 983-3971

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BUQUERQUE, N. M. HONE 243-6691 to complete them in that fashion?

A Yes, if we so elect, or to use this method here, circulate to the surface. But there's no reason why, if we were to drill the new wells, that we couldn't go ahead and complete them in a conventional manner. The reason we have suggested going ahead and circulating -- the surface pipe, the chances are, have not been cemented because they were drilled in 1925, and I doubt very seriously if they had any cement.

Q Is there any substantial amount of water present in this area within your knowledge?

A There's no substantial amount. I know Graridge did some extensive drilling, trying to find water to waterflood with, and they couldn't do it in this area.

Q Do you feel like this type of completion for your injection wells would satisfactorily protect any fresh water that might be found in the area?

A Yes, sir, I do.

Q Have you contacted the State Engineer's office with respect to this proposed casing program for the injection wells?

A Yes, sir, I did. I wrote to the State Engineer, Mr.

Irby, the Water Rights Division, and explained our proposed casing program to him, and Exhibit 8 is a copy of that letter. Also his letter back to me is attached.

Q At what initial pressure and rate do you propose to inject water?



8.

Our maximum pressure will probably be on the order of 1,050 pounds, from experience that Graridge has had. The initial rate will probably be on the order of four or five hundred barrels a day.

Do you request the Commission to authorize this project Q with an allowable provided for under Rule 701?

Α Yes.

Under that rule, the allowable, by reason of the 10-acre spacing on these two leases, would permit you to have a 42-barrel allowable plus one-third of that for each additional well on a proration unit, on a 40-acre tract?

Α Yes, sir. That's the way Rule 701 is written.

In your opinion, is this proposed waterflood project in the interest of conservation, and will it recover oil by secondary methods which could not otherwise be recovered?

Λ Yes, sir.

Were these exhibits, except the letters, prepared by you or under your supervision?

Α Yes, sir.

MR. LOSEE: I move the introduction of Exhibits 1 through

MR. NUTTER: Applicant's Exhibits 1 through 8 will be admitted in evidence.

> (Whereupon, Applicant's Exhibits Nos. 1 through 8 admitted in evidence.)



REPORTING SERVICE, SANTA FE, N. M. PHONE 933-357:

NIBUGUERQUE, N. M. PHONE 243.6691 MR. LOSEE: No further questions.

 $$\operatorname{MR.\ NUTTER:}$$ Does anyone have any questions of Mr. Porter? Mr. Irby.

CROSS EXAMINATION

RY MR. IRBY:

Q To clarify a point, Mr. Porter, I would like to ask you about the casing program on the new wells. I couldn't tell just when your attorney switched from one string of casing to the other. On the surface casing, do you intend to circulate the cement, is that right?

A Yes, sir, that's right.

Q Where is this surface casing going to be set?

A Well, it will be set at the top of the salt, which occurs somewhere around 450 feet.

Q Then your long string will be cemented from the bottom to 200 feet above your perforations, probably?

A Yes, sir. We will use at least that much cement.

Q One other question. Your reply to my letter of November 28th, has it -- I believe that's the 28th, which I received yesterday -- has it been made a part of this record?

A No, sir, it hasn't. I would be very happy to have it a part of this record if you like. I don't have a copy of it with me. Would you like to read it into the record?

Q You are the fellow under oath. I suggest that you read it.



SERVICE, Inc. REPORTING

Referring to Exhibit 8 again, Mr. Irby's letter to me, he asked for certain things. He says, "However, I would appreciate very much you informing me as to whether the construction program will be the same on each of the injection wells and the approximate depth of the salt in each case."

I wrote back to him on December 3rd, saying: "Regarding the waterflood application of Cima Capitan, Incorporated, and your letter of November 28, 1962, our intended injection well completion will be the same in each case; i.e., with 4-1/2 casing cemented to the surface. From our best available information the top of the salt in this area is about 450 feet below the ground."

MR. NUTTER: 450 feet where?

Α Below the surface of the ground.

MR. IRBY: Thank you. That's all.

BY MR. NUTTER:

Q Will the pipe be new pipe that's run in these old wells, the 4-1/2?

Well, it will be very good quality. Now we might want to use, possibly use some second-hand pipe, but chances are we won't.

You are going to set this through the pay, possibly down to the top of the Lovington, is that it?

Α Yes, sir.

And then perforate your flood intervals? Q

Α Right.

Porter? He may be excused. (Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Losee? MR. LOSEE: No, sir.

MR. NUTTER: Are there any other questions of Mr.

MR. NUTTER: Does anyone have anything they wish to offer in this case? We will take the case under advisement.

STATE OF NEW MEXICO SS COUNTY OF BERNALILLO

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings was reported by me, and that the same contains a true and correct record of said proceedings to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 15th day of December, 1962.

My Commission Expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Made No

ico Oil Conservation Commission





STATE OF NEW MEXICO

STATE ENGINEER OFFICE SANTA FE

S. E. REYNOLDS STATE ENGINEER

August 21, 1963

ADDRESS CORRESPONDENCE TO: STATE CAPITOL SANTA FE, N. M.

Mr. A. L. Porter, Jr. Secretary-Director Oil Conservation Commission Santa Fe, N. M.

Attn. Mr. Elvis Utz

Dear Mr. Utz:

Reference is made to Cima Capitan's letter of August 19, 1963 referring to Case 2712. After discussing this problem with Mr. Welch and discussing it with you over the phone, I have reached the conclusion that the proposal submitted will be satisfactory to this office provided Mr. Welch does one other thing which he mentioned in his conversation with me, that being that he will attempt to circulate cement through the water zone which act he considers to be improbable of completion.

Very truly yours,

S. E. Reynolds State Engineer

FEI/ma cc-Cima Capitan, Inc.

Chief

Water Rights Division

cima CAPITAN incorporated

(N.S.L.)

\$10 BOOKER BUILDING POST OFFICE DRAWER 1343

ARTESIA, NEW MEXICO

AREA CODE 505 TELEPHONE 748-1177

August 19, 1963

Mr. Elvis Utz Oil Conservation Commission State Land Office Building Santa Fe, New Mexico

Re: Case 2712

Dear Mr. Utz:

Please find enclosed 6 copies of Schematic Well Completion Exhibit. This Exhibit shows what we would like to have permission to do on completing our well No. 7 on the Adkins-Williams Lease in Section 17, Township 18 South, Range 28 East.

Yours very truly,

CIMA CAPITAN, INC.

Rv

Thomas Welch

Thomas Welch

Enc.

cc: Mr. Frank E. Irby State Engineer NOLE BRIDGED AND FILLED WITH CEMENT TO PROTECT YINTER FROM CONTAMINATION FROM ABOVE WATER ZONE 290'- 300' (LOST CIRCULATION ZONE- PROBABLE) STAGE CEMENTING TOOL - USED TO CEMENT BELOW WATER ZONE - PROTECTING FROM CONTAMINATION BELOW 1200d, 554 to 430 Boul. 2063-1950 8" HOLE TO OR 2450

- Step 1. Run 54" casing to total depth placing a 2 stage cementing tool in the string about 400 to 450 feet from the top.
- Step 2. Remove the 8 5/8" casing which was set but not cemented.
- Step 3. Try to circulate water, then pump 100 sax cement behind the 54" casing.
- Step 4. Open ports on 2 stage cementing tool and cement upper part of 5½" casing with 75 sax cement.
- Step 5. Drive plug down hole outside of 5½" casing and fill to surface with cement.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Wexico il Conservation Commission

LAND COMMISSIONER E. S. JOHNNY WALKER MEMBER



P. O. BOX 871 SANTA FE

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

Copy of Order already

Mr. A. J. Losee Losee & Stewart Attorneys at Law Post Office Box 239 Artesia, New Mexico

dec 26,19

Gentlemen:

No. 2712, approving the Ciwa Capitax Artssic.

According to our calculations, 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

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

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 behaves 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,

CC: OCC - culenia

A. L. PORTER, Jr. Secretary-Director

GOVERNOR EDWIN L. MECHEM CHAIRMAN

State of New Wexico Oil Conservation Commission

LAND COMMISSIONER E. S. JOHNNY WALKER MEMBER



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

P. O. BOX 871 SANTA FE

December 26, 1962

Mr. A. J. Losee Losee & Stewart Attorneys at Law Post Office Box 239 Artesia, New Mexico Re: Case No. 2712

Order No. R-2395

Applicant:

Cima Capitan Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

Carbon copy of order also sent to:

Hobbs OCC _____
Artesia OCC ____
Aztec OCC ____
OTHER

LAW OFFICES

LOSEE AND STEWART
CARPER BUILDING - P.O. DRAWER 239
ARTESIA, NEW MEXICO

A. J. LOSEE EDWARD B. STEWART

4 December 1962

Mr. A. L. Porter, Jr. Secretary-Director Oil Conservation Commission Box 871 Santa Fe, New Mexico

Re: Case No. 2712

Application of Cima Capitan Corporation

Dear Mr. Porter:

Enclosed herewith you will please find duplicate copies of the application in the above styled case. It is my understanding that this case has been set before Mr. Daniel S. Nutter, Examiner in Santa Fe, New Mexico on December 6, 1962.

It is to be noted that the correct name of the applicant is Cima Capitan Corporation and the notice appeared as Capitan Corporation. This error was made by the writer in the telephone request for hearing on this case. I do not believe the notice is fatal and I will amend it at the time of hearing.

Very truly yours

XX OOL

AJL/bk

Enclosures

cc Mrs. Marian Rhea, Supervisor Units Division State Land Office Santa Fe, New Mexico

State Engineer Office Box 1079 Santa Fe, New Mexico Attn: Mr. Frank Irby LAW OFFICES

LOSEE AND STEWART

CARPER BUILDING - P.O. DRAWER 239

ARTESIA, NEW MEXICO

7 November 1962

Mr. A. L. Porter, Jr., Secretary New Mexico Oil Conservation Commission Box 871 Santa Fe, New Mexico

Artesia Poal

Dear Mr. Porter:

A. J. LOSEE

EDWARD B. STEWART

On behalf of the Capitan Corporation, I request that you consider this letter as an application for a waterflood project by the injection of water into the Grayburg San Andres Formation through seven injection wells located within the S/2 SE/4, NW/4 SE/4, NE/4 SW/4 Section 17, Township 18 South, Range 28 East. The project area will cover this 120-acre tract and the project is to be governed by the allowable provisions of Rule 701.

I will submit a formal application for this project within the next week.

Thank you for your attention to this request.

Very truly yours,

AJL/bk

DOCKET MAILED

Dass 11-21-62

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF CIMA CAPITAN CORPORATION FOR A WATER-FLOOD PROJECT, ARTESIA FIELD, EDDY COUNTY, NEW MEXICO.

No. 2712

APPLICATION

COMES CIMA CAPITAN CORPORATION, by its attorneys, Losee and Stewart, and states:

1. That it is the operator of nine producing oil wells located within the Artesia Pool, Eddy County, New Mexico, and within the proposed project area covered by this Application, as follows:

Township 18 South, Range 28 East, N.M.P.M.

Section 17: S/2 SE/4, NW/4 SE/4, NE/4 SW/4

containing 120 acres, more or less.

- 2. There is attached hereto and by reference made a part hereof, a plat showing the location of the proposed injection wells and the location of all other wells and lessees within a radius of one mile from said proposed injection wells.
- 3. That said wells have reached an advanced or "stripper" state of depletion and Applicant proposes to inject water into the producing Grayburg-San Andres formation in sufficient quantities and under sufficient pressure

to stimulate the production of oil from the wells in the project area.

4. That Applicant proposes to inject water through the following described existing wells in said Section 17,

Township 18 South, Range 28 East, N.M.P.M., to-wit:

"WELCH STATE LEASE"

Well No. 1, NE/4 SW/4

Well No. 4, NE/4 SW/4

Well No. 5, NW/4 SE/4

"ADKINS WILLIAMS LEASE"

Well No. 1, SW/4 SE/4

Well No. 6, SW/4 SE/4.

5. That Applicant proposes to drill two additional wells and to inject water through said wells located in Section 17, Township 18 South, Range 28 East, N.M.P.M., to-wit:

"ADKINS WILLIAMS LEASE"

Well No. 7, SE/4 SE/4

Well No. 10, SE/4 SE/4.

- 6. That there are no copies of logs on the proposed injection wells available to Applicant.
- 7. The source of water for this project is the purchase from Caprock Water Company or other similar source.
- 8. The Applicant proposes to conduct said water-flood project in accordance with the allowable provisions of Rule 701 of the New Mexico Oil Conservation Commission.

9. The approval of this waterflood project will be in the interest of conservation, will prevent waste and correlative rights will be protected.

WHEREFORE, Applicant prays the orders of the Commission, as follows:

- 1. That this matter be set for hearing before an examiner duly appointed by the Commission and that due notice be given thereof as required by law.
- 2. That after hearing an order be entered authorizing Applicant to institute the aforesaid waterflood project by the injection of water into the producing Grayburg-San Andres Formation through the injection wells hereinabove described and that allowables be established for the project in conformity with Rule 701.
- 3. And for such other relief as may be just in the premises.

CIMA CAPITAN CORPORATION

Rv •

A. J. Losee of Losee and Stewart Attorneys at Law P. O. Drawer 239 Artesia, New Mexico

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 6, 1962

9 A.M. OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, as Alternate Examiner:

CASE 2711:

Application of Gulf Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in the Blinebry Gas Pool underlying the SE/4 of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 2712:

Application of The Capitan Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject water into the Grayburg-San Andres formations through seven wells located in Section 17, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico.

CASE 2713:

Application of Sunray DX Oil Company to make up underproduction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to make up 3,431 barrels of underproduction incurred on its U. D. Sawyer lease, Crossroads Pool, Lea County, New Mexico, which underproduction occurred as the result of mechanical failure and lease shutdown while installing certain equipment.

CASE 2714:

Application of Texaco Inc. for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to complete its M. B. Weir "B" Well No. 7, located in Unit M of Section 12, Township 20 South, Range 37 East, as a dual completion (tubingless) to produce gas from an undesignated Tubb pool and oil from the Skaggs Drinkard Oil Pool, Lea County, New Mexico, through parallel strings of 2 7/8 inch casing cemented in a common well bore.

CASE 2715:

Application of Shell Oil Company for the establishment of special rules and regulations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special rules and regulations in the Custer-Ellenburger Gas Pool, Township 24 South, Range 36 East, Lea County, New Mexico, including a provision establishing 320-acre spacing units in said pool.

-3-

Docket No. 36-62

CASE 2719:

Application of Shell Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Antelope Ridge Unit Area, comprising 3840 acres, more or less, of Federal, State and Fee lands in Townships 23 and 24 South, Range 34 East, Lea County, New Mexico.

CASE 2720:

Application of Tenneco Oil Company for special rules and regulations governing wells in the Double-X Delaware Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules governing the production of oil and gas wells in the Double-X Delaware Pool, Lea County, New Mexico, including classification of wells as gas wells when the gas-liquid hydrocarbon ratio exceeds 30,000 to one.

-2-Docket No. 36-62

CASE 2716:

Application of Markham, Cone & Redfern for a multiple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the multiple completion of its Eubanks Well No. 3, located in Unit K, Section 14, Township 21 South, Range 37 East Lea County, New Mexico, in such a manner as to produce a limited amount of gas from the Blinebry Gas Pool, oil from the Blinebry Oil Pool and oil from each of two pays in the Drinkard Pool. Separation of the four zones would be achieved by means of three packers.

CASE 2717:

Application of Consolidated Oil & Gas, Inc. for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its Champlin Well No. 2-35, located 1800 feet from the South line and 1680 feet from the East line of Section 35, Township 27 North, Range 4 West, Rio Arriba County, New Mexico. Said Well is proposed as a Pictured Cliffs Blanco Mesaverde dual completion and is off-pattern for the Blanco Mesaverde Gas Pool.

CASE 2718:

Application of Continental Oil Company for approval of a supplemental cooperative repressuring agreement, a plan of operation for gas and water injection, certain administrative procedures, and permission to produce more than 16 wells into a single tank battery, Maljamar Cooperative Area, Maljamar Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the continued operation of the Maljamar Cooperative Repressuring Area under the Maljamar Cooperative Agreement including the allowable provisions thereof, subject to the provisions of the 5th Supplemental and Amendatory Agreement to said Cooperative Agreement. Said 5th Supplemental Agreement, among other things, provides for the unitization of all oil and gas produced from the Grayburg-San Andres formations underlying the Participating Area defined therein. Applicant further seeks approval of an initial plan of operation under said agreement and approval of an administrative procedure for future expansions of the injection area and participating area, conversion of additional wells for injection purposes, and for transfer of allowables within the participating area. Applicant further seeks authority to produce more than 16 wells into a single tank battery.



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OIL CONSERVATION COMMISSION

CASE NO. 27/2

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COMA CAPITAN, INC.

OIL PRODUCTION HISTORY WELCH STATE LEASE Sec. 17-18-28 Eddy County, New Mexico

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BEFORE EXAMINER NUTTER

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EXHIBIT 458

CAPROCK WATER COMPANY

P. O. BOX 607

ARTESIA, NEW MEXICO

Novem ER 21, 1302

CIMA CAPITAN INCORPORATED ARTESIA, New MEXICO

GENTLEMEN:

SUBJECT: WATERFLOOD PROJECT SEC. 17 TISS R28E

THIS IS TO ASSURE YOU THAT CAPROOK WATER COMPANY WILL SELL YOU THE NECESSARY WATER TO CONDUCT YOUR PROPOSED WATERFLOOD PROGRAM.

WE HAVE A LINE APPROXIMATELY 1/2 MILES FROM YOUR PRO-JECT AND CAN VERY EASILY SERVE YOUR PROGRAM.

Yours VERY TRULY,

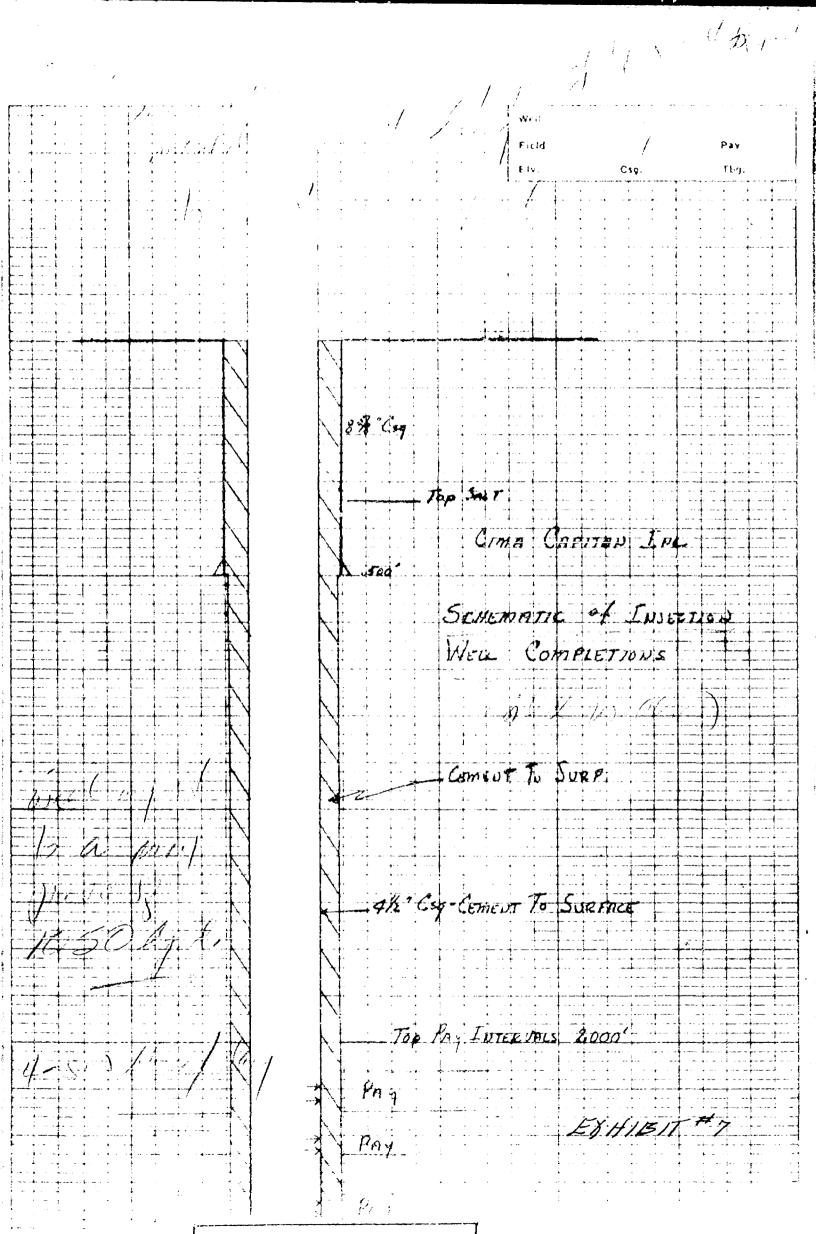
CAPROCK WATER COMPANY

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EXHIBIT #6

DEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO.



DEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION

EXAMINED TO THE PROPERTY OF THE PROPERTY O

NOVEMBER 26, 1962

STATE ENGINEER
SANTA FE, NEW MEXICO

ATTENTION: Mr. FRANK IRBY, CHIEF WATER RIGHTS DIVISION

DEAR MR. IRBY:

I HAVE BEEN ASKED BY CIMA CAPITAN, INC. TO HANDLE THEIR WATERFLOOD APPLICATION WHICH IS SCHEDULED TO BE HEARD BEFORE THE OIL CONSERVATION COMMISSION ON DECEMBER OTH.

THE AREA TO BE FLOODED IN THE S/2 SE/4; NW/4 SE/4; AND NE/4 SW/4, SECTION 17, T-18S, R-28E, ARTESIA POOL, EDDY COUNTY, NEW MEXICO. THE AREA IS SHOWN ON THE ATTACHED PLAT. WELLS TO BE INJECTION WELLS ARE CIRCLED.

THE PRODUCTIVE INTERVALS TO BE FLOODED ARE THE GRAYBURG-SAN ANDRES ZONES FROM 2000 FEET TO 2450 FEET.

The majority of these wells were drilled in 1925 and 1926, as shown on the attached well data sheet. Common completion practice was to set 10° and 8° casing well into the salt section. $6.5/8^{\circ}$ casing was then set above the pay and the well was completed in open hole. In many cases the $6.5/8^{\circ}$ casing was pulled after the well was completed.

The area is well out of any declared vater babin. No substantial amount of water is present in the area. However, in order to have a suitable injection well completion, it is the plan of the operator to pull the $6.5/8^{\circ}$ caping, clean the well to bottom, and cement a string of $\frac{1}{4}$ $\frac{1}{2}^{\circ}$ casing to the surface and personate the casing opposite the pay interval. I am attaching a schematic drawing of the interval injection well completion.

IN MY OPINION THIS WOULD GIVE EVERY READONABLE PROTECTION TO ANY WATER-BEARING STRATA WHICH HIGHT BE PRESENT.

IT IS PLANNED TO OBTAIN INJECTION WATER FROM CAPROCK WATER COMPANY LINES WHICH ARE PRESENT IN THE AREA.

I WOULD APPRECIATE YOUR EXAMINATION OF OUR PLAN. IF THERE ARE ANY FURTHER QUESTIONS, PLEASE CALL HE AT SH 6-6032.

I WILL HAVE A COPY OF ALL EXHIBITS FOR YOU AT THE HEARING.

YERY TRULY YOURS,

H. C. PORTER

ENGLHEER

BEFORE EXAMINER NUTTER

CHI CONSTRUCTOR COMMISSION

CASE N.

EXHIBIT #8

HCPIEL



STATE OF NEW MEXICO

STATE ENGINEER OFFICE SANTA FE

S. E. REYNOLDS

November 28, 1962

ADDRESS CORRESPONDENCE TO: STATE CAPITOL SANTA FE, N. M.

Mr. Harold C. Porter Petroleum Consultant Artesia, New Mexico

Dear Mr. Porter:

Reference is made to your letter of November 26, 1962 pertaining to the application of Cima Capitan, Inc., concerning their desire to initiate a waterflood in Section 1.7, Township 18 South, Range 28 East in the Artesia Pool.

I don't have a copy of the application which you submitted, but I assume that it includes all of the information set forth in your letter to me. If this is the case, then I find nothing objectionable in your proposal. However, I would appreciate very much having you inform me as to whether the construction program will be the same on each of the injection wells and the approximate depth of the top of the salt in each case.

Yours very truly,

S. E. Reynolds State Engineer

Frank E. Irb

Chief

Water Rights Division

FEI/ma

1964 MAY 40 MM 8 1 OB

Mr. Hal C. Porter Cima Capitan, Inc. 310 Booker Building Artesia, New Mexico

Dear Hal:

Your letter of April 29, 1964 is gratefully acknowledged and as near as I can tell this clears the situation.

Mr. Utz of the Oil Conservation Commission, who has been trying to get out an Order on the application submitted for Cima Capitan by Mr. Welch, is trying to determine the status of this application and exactly what is required before he issues the Order. It is possible that he may have some questions, the importance of which I am not aware of.

I am taking the liberty of forwarding a copy of your letter to Mr. Utz along with a copy of this letter in order that he may have the full benefit of our correspondence in this matter.

Yours truly,

S. E. Reynolds State Engineer

FEI/ma cc-Mr. Blvis Utz

By:

Frank B.Irby Chief Water Rights Division cima CAPITAN incorporated PER GREICE COO (N.S.L.)

POST OFFICE DRAWER 1945

ARTESIA, NEW MEXICO

AREA CODE DE TELEPHONE 748-1

: 03

29 April 1964

APR 30 1964

Mr. Frank E. Irby State Engineers Office Santa Fe, New Mexico

Dear Mr. Irby:

I have a copy of your letter to Mr. Utz with the Oil Conservation Commission dated 28 April 1964.

With reference to the Capitan Artesia Project, we have decided to go ahead and cement the surface casing to protect and isolate the shallow water rather than attempt to circulate the long string cement to the surface. That is the reason I have not written you as I explained in my wire of April 7, 1964.

We had hoped to be able to save the expense of cementing the surface string. However there was some doubt as to whether nr not the cement could be circulated to the surface; therefore the more expensive method was used in order to be safe and properly protect the water.

If there is any further information you may require, we will be happy to give you whatever we have avilable. We have been collecting water samples and drill cuttings for you Roswell

Very truly yours

Cima Capita, Inc.



STATE OF NEW MEXICO

SANTA FE

S. E. REYNOLDS STATE ENGINEER

April 28, 1964

ADDRESS CORRESPONDENCE TO: STATE CAPITOL SANTA FE, N. M.

Oil Conservation Commission Santa Fe, New Mexico

Attn. Mr. Elvis Utz

Dear Mr. Utz:

My memory wasn't very accurate. Mr. Porter replied by wire limstead of by letter. The enclosed copy of his wire is in response to mine of April 6th. He still has not given me a letter stating his proposal with regard to the remaining wells which were the subject of the hearing and I cannot give an answer until I receive his letter. However, it is my understanding, from my telephone conversation with him, that he expects to proceed on the plan set forth in the original application on which the Commission has given its order.

Yours truly,

S. E. Reynolds State Engineer

FEI/ma cc-Hal Porter

Chief

Water Rights Division

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STERN UNION

TELEGRAM W. P. MAREHALL PRESIDENT (33).
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FRANK E IRBY

STATE ENGINEERS OFFICE SANTA FE NMEX=

DUE TO TIME SHORTAGE DECIDED TO CEMENT BOTH SURFACE AND LONG STRING IN INJECTION WELLS ON CAPITAN FLOOD ARTESIA POOL =

HAL C PORTER=

24 APR 7 PH 1:05

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

₹: