

CASE 3322: Application of ANN
BURNETT WINDFOHR, GEO. BROWN &
ALLIED CHEM. FOR WATERFLOOD.

CASE NO.

3322

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

IN RE. APPLICATION OF ANN BURNETT WINDFOHR)
AND THE FIRST NATIONAL BANK OF FORT WORTH,)
FORT WORTH, TEXAS, AS INDEPENDENT EXECUTORS)
OF THE WILL OF R. F. WINDFOHR, DECEASED,)
ALLIED CHEMICAL CORPORATION, GEORGE R. BROWN,)
AND THE BROWN FOUNDATION, INC., FOR AUTHORITY)
TO INSTITUTE A WATER FLOOD PROJECT IN THE)
GRAYBURG JACKSON QUEEN, GRAYBURG SAN ANDRES)
POOL, BY INJECTION OF WATER INTO THE GRAYBURG)
SANDS IN ITS WELLS IN SECTION 25, TOWNSHIP 17)
SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY,)
NEW MEXICO.)

Case No. 3324

MAIN OFFICE

'65 SEP 29 AM 9 35

A P P L I C A T I O N

COME NOW Ann Burnett Windfohr and The First National Bank
of Fort Worth, Fort Worth, Texas, as Independent Executors of the Will
of R. F. Windfohr, Deceased, Allied Chemical Corporation, George R.
Brown and The Brown Foundation, Inc., and make application for authority
to institute a water flood project in Section 25, Township 17 South,
Range 30 East, N.M.P.M., by injection of fresh water in the
Grayburg Premier Sand in the Grayburg Jackson Field, in Section 25,
Township 17 South, Range 30 East, N.M.P.M., and, in support of this
Application, state:

1. The lands involved herein, in this Application, in
Section 25, Township 17 South, Range 30 East, N.M.P.M., are Federal
lands, and, as shown by the attached Exhibit "1", the applicants are
the owners of a Federal Oil and Gas Lease covering the lands involved,
which lease was issued in the name of Nash, Windfohr and Brown. That
applicants seek an order for authority to institute a water flood
project, which will be a secondary recovery project, since the wells
on applicants' lease have been essentially depleted by primary means,

so that the present well production is approximately three barrels of oil per well, per day.

2. That the formations to be flooded are the Grayburg Sands at an approximate depth of 3,200 feet; and the fluid to be injected is water.

3. That there is attached hereto, and marked Exhibit "1", a plat showing the following:

(a) The location of the proposed injections wells is shown by designating said wells with a red circle.

(b) The location of all other wells within a radius of two miles from said proposed injection wells.

(c) Said plat also designates and shows the wells producing from the Grayburg Sand Formations.

(d) Said plat shows the names of the lessees within a two mile radius of the proposed injection wells.

(4) That there is attached hereto, marked Exhibit "2", a diagrammatic sketch of the proposed injections wells. The logs of the proposed injections wells are not available.

5. That the formations proposed to be flooded are the Grayburg Sand Formations, at an approximate depth of 3,200 feet, and the fluid to be injected is water from Anadarko Production Co., and with the anticipated volume being 500 barrels per well, per day.

6. That a complete copy of this Application, together with all of the exhibits, has been forwarded to the office of the State Engineer, Capitol Building, Santa Fe, New Mexico, as is shown by the Certificate attached hereto.

7. That applicants are filing this Application in accordance with the provisions of Rule 701, and applicants request an

allowable to be assigned, as provided in said Rule 701.

WHEREFORE, applicants request a hearing before an Examiner,
and request authority for said water flood project, under said Rule
701.

ANN BURNETT WINDFOHR AND THE FIRST
NATIONAL BANK OF FORT WORTH,
FORT WORTH, TEXAS, AS INDEPENDENT
EXECUTORS OF THE WILL OF R. F. WIND-
FOHR, DECEASED; ALLIED CHEMICAL
CORPORATION; GEORGE R. BROWN;
AND THE BROWN FOUNDATION, INC.

by

Neil B. Watson

Neil B. Watson,
Attorney for Applicants,
P. O. Drawer E,
Artesia, New Mexico.

CERTIFICATE

I, Neil B. Watson, do hereby certify that, on the 28
day of September, 1965, I mailed a true and complete copy of this
Application, together with all exhibits, to the Office of the State
Engineer, Capitol Building, Santa Fe, New Mexico, and that I delivered
two true and complete copies, together with all exhibits, to the
United States Geological Survey Office, in Artesia, New Mexico.

Neil B. Watson

EXHIBIT "2"

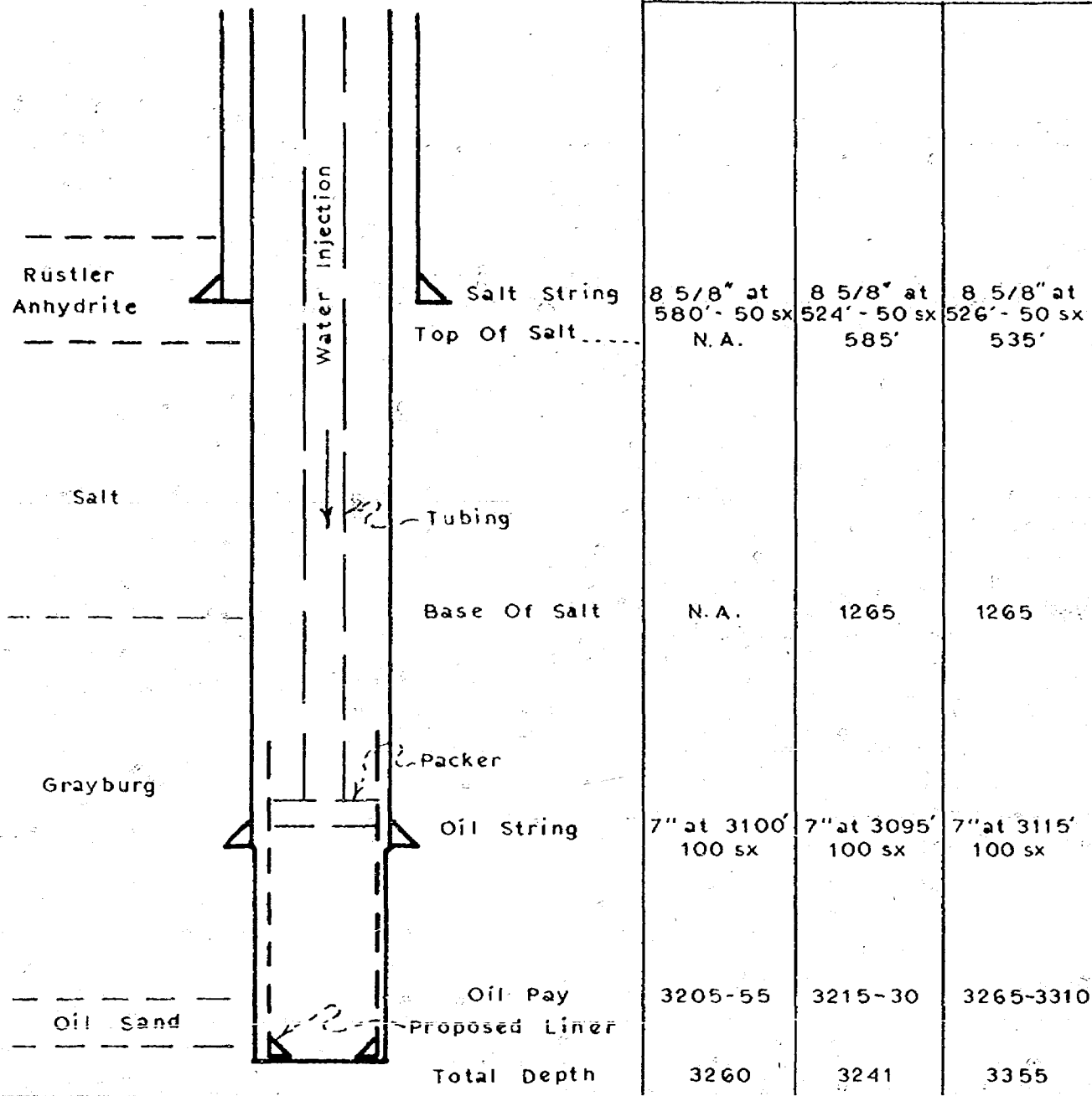
INJECTION WELL DIAGRAM

INJECTION WELL No.

6

9

11



RALPH L. GRAY
PETROLEUM ENGINEERING

NEIL B. WATSON
FRED A. WATSON

LAW OFFICES
WATSON & WATSON
CARPER BUILDING - P.O. DRAWER E
ARTESIA, NEW MEXICO

September 28, 1965

TELEPHONE
SHERWOOD 6-4151

MAILED
SEP 29 AM 3

New Mexico Oil Conservation Commission,
Santa Fe, New Mexico.

Gentlemen:

Re: Water Flood Application,
Nash, Windfohr and Brown.

Confirming my phone call with Mr. Nutter, I herewith enclose, in triplicate, Application of Nash, Windfohr and Brown for a water flood project in Section 25, Township 17 South, Range 30 East, N.M.P.M.

It is my understanding that the next Examiner hearing will be on October 19, 1965, or possibly on October 20, 1965, and it is also my understanding that Mr. Nutter will let me know the date this hearing will be held.

Yours very truly,

Neil B. Watson
Neil B. Watson.

NBW: 1 ~~enc~~
enc.

DOCKET MAILED

Date 10-8-65

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1201 (4-00)

SYMBOLS

= Day Letter
• L = Night Letter
LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

LA023 DB034

1965 OCT 18 AM 9 46

D FWA169 PD=FAX FORT WORTH TEX 18 1002A CST=
NEW MEXICO OIL CONSERVATION COMMISSION=
PO BOX 2088 SANTA FE NMEX=

RE APPLICATION OF ANNE BURNETT WINDFOHR, GEORGE R BROWN
AND ALLIED CHEMICAL FOR WATERFLOOD PERMIT EDDY COUNTY
NEW MEXICO IN CASE 3322 AS OFFSET OPERATOR WE URGE THE
COMMISSIONS APPROVAL OF THIS APPLICATION= MAIN OFFICE
E A RILEY ANADARKO PRODUCTION CM==

'65 OCT 19 AM 11 3

3322=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

DOCKET: EXAMINER HEARING - TUESDAY - OCTOBER 19, 1965

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, Alternate Examiner:

- CASE 3321: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Willard C. Franks and all other interested parties to show cause why the LaRoe Well No. 1 located in the SE/4 NW/4 of Section 19, Township 27 North, Range 22 East, Colfax County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.
- CASE 3322: Application of Ann Burnett Windfohr, George R. Brown, and Allied Chemical Corporation for a waterflood project, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to institute a waterflood project in the Grayburg Jackson Pool, Eddy County, New Mexico, by the injection of water into the Grayburg formation through three wells in Section 25, Township 17 South, Range 30 East.
- CASE 3323: Application of David Fasken for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of his Felmont-Coillier Well No. 1 located in Unit H of Section 9, Township 11 South, Range 33 East, Lea County, New Mexico, to produce oil from the North Bagley Upper and Lower Pennsylvanian Pools through parallel strings of tubing.
- CASE 3324: Application of Newmont Oil Company for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing oil well at an unorthodox location 990 feet from the South line and 1310 feet from the West line of Section 2, Township 18 South, Range 29 East, Loco Hills Pool, Eddy County, New Mexico.
- CASE 3325: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the N/2 of Section 1, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Vaughan B-1 Well No. 1, located in Unit H of said Section 1.
- CASE 3326: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 560-acre non-standard gas proration unit comprising the E/2 SE/4 of Section 22, the W/2 of Section 26, and the E/2 E/2 of Section 27, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be dedicated to its SEMU Well No. 65, located 2363 feet from the South line and 0 feet from the West line of said Section 26.

MAIN
65 OCT 20 PM

October 14, 1965

Case 3322

Watson & Watson
Attorneys at Law
Artesia, N. M.

Attn. Mr. Fred A. Watson:

Dear Mr. Watson:

Reference is made to the application of Nash, Wainfohr & Brown to the Oil Conservation Commission seeking authority to institute a water flood project by injection into wells in Sec. 25, T. 17 S., R. 30 E.

On Page 1 of the application it is indicated that the injection fluid will be fresh water.

On Page 2, under Item 5, it is stated that the fluid to be injection is water from Anadarko Production Company. There are no records in this office of any water rights held by Anadarko Production Company. Please advise who Anadarko Production Company is and what they produce other than fresh water. Also please advise what right to the use of fresh water Anadarko Production Company claims.

What is the location and formation of the water to be produced by Anadarko Production Company for this water flood?

What is the analysis of the water to be supplied by Anadarko Production Company?

Is produced water from the flood to be re-injected?

How were contacts picked for Restler, Salt, Grapeland and Oil Sand?

How will seal be made between oil string and proposed liner?

Mr. Fred Watson
Page 2

Will the liner be perforated or will completion be open hole?

How will the seal between the liner and casing be tested and to what pressure will it be tested?

What is the size of the tubing and what are the specifications for the tubing?

This is the information I will need at or before the hearing on Tuesday, October 19, 1965.

FEI/ma
cc-F. H. Hennighausen

Yours truly,

S. E. Reynolds
State Engineer

By:
Frank E. Irby
Chief
Water Rights Div.

DRAFT
JMD/esr

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. 3322

Order No. R-2990
R. BROWN, AND

ANN BURNETT WINDFOHR, GEORGE
APPLICATION OF ALLIED CHEMICAL CORPORATION
FOR A WATERFLOOD PROJECT, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
October 19, 1965, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this day of October, 1965, 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 applicants, Ann Burnett Windfohr, George R. Brown
and Allied Chemical Corporation
seeks permission to institute a waterflood project in the

Grayburg-Jackson Pool by the injection of water into the
Grayburg formation through three injection wells in
Section 25, Township 17, North Range, South
30 West, NMPM, Eddy County, New Mexico.

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

(5) That the proposed waterflood project should result in the
recovery of otherwise unrecoverable oil, thereby preventing waste.

(3) That the applicants have entered or will enter into a lease
line water flood agreement with the operator of an existing water flood
project south and west of the subject acreage which agreement will pro-
vide for the operators of both water floods to place certain wells on water in-
jection concurrently; that for this reason provision should be made for administrative

Exception to the Well response requirements of Rule 701 E-5 of the Rules & Regulations
approved for conversion to water injection

(6) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicants, Ann Burnett Windfohr, George R. Brown, and Allied Chemical Corporation,
cooperative ~~disinterested persons~~
are ~~xx~~ hereby authorized to institute a waterflood project in the

~~in the~~ ~~Unit Area~~
Grayburg-Jackson Pool by the injection of water into the
Grayburg formation through the following-described wells
in Section 25,
~~xx~~ Township 17 ~~North~~, Range 30 ~~West~~,
South East

NMPM, EDDY County, New Mexico:

<u>WELL</u>	<u>LOCATION</u>
Jackson "B" No. 6	Unit D
Jackson "B" No. 9	Unit F
Jackson "B" No. 11	Unit B

is hereby designated the Grayburg Jackson WBH waterflood Project
(2) That the subject waterflood project shall 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 shall not be necessary before obtaining administrative approval for the construction of additional wells to water injection*

(3) That monthly progress reports of the 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.

NOR
MECHEM
AIRMAN

State of New Mexico
Oil Conservation Commission



Commissioner
Y. WALKER
BER

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

P. O. BOX 2088
SANTA FE
87501

Injection is to be through the three authorized water
injection wells which shall be equipped with inter-
nally plastic-coated tubing and packers, said packers
being set as near as is practicable to the
upper-most perforations. Liners shall be pressure-
tested to a minimum of 1500 psi and the
results of the test reported to the
Commission. You are also requested to
notify the Artesia office of the
Commission of the date and hour such
tests are to be conducted.

Mr. Fred Watson
Watson & Watson
Attorneys at Law
Carper Building
Artesia, New Mexico

Dear Sir:
Gentlemen:

Enclosed herewith is Commission Order No. R-2990, entered in Case
No. 3322, approving the ~~Quay Windfarms~~ ~~George Brinkley~~ ~~Alfred Chemical~~
~~Water Flood Project~~. ~~Rayburg Jackson~~ ~~WBA Water Flood Project~~.
As to accuracy, indicate that when all three
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 294 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 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 - Artesia
Mr. Frank Irby

A. L. PORTER, Jr.
Secretary-Director

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. 3322
Order No. R-2990

APPLICATION OF ANN BURNETT WINDFOHR,
GEORGE R. BROWN, AND ALLIED CHEMICAL
CORPORATION FOR A WATERFLOOD PROJECT,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 19, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this 27th day of October, 1965, 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 applicants, Ann Burnett Windfohr, George R. Brown, and Allied Chemical Corporation, seek permission to institute a cooperative waterflood project in the Grayburg-Jackson Pool by the injection of water into the Grayburg formation through three injection wells in Section 25, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) That the applicants have entered or will enter into a lease line waterflood agreement with the operator of an existing waterflood project south and west of the subject acreage which agreement will provide for the operators of both waterfloods to

-2-

CASE No. 3322
Order No. R-2990

place certain wells on water injection concurrently; that for this reason provision should be made for administrative approval for conversion to water injection in exception to the well response requirements of Rule 701 E-5 of the Commission Rules and Regulations.

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

(5) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(6) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicants, Ann Burnett Windfohr, George R. Brown, and Allied Chemical Corporation, are hereby authorized to institute a cooperative waterflood project in the Grayburg-Jackson Pool by the injection of water into the Grayburg formation through the following-described wells in Section 25, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico:

<u>WELL</u>	<u>LOCATION</u>
Jackson "B" No. 6	Unit D
Jackson "B" No. 9	Unit F
Jackson "B" No. 11	Unit B

(2) That the subject waterflood project is hereby designated the Grayburg Jackson WBA Waterflood Project and shall 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 shall not be necessary before obtaining administrative approval for the conversion of additional wells to water injection.

(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance

-3-

CASE No. 3322

Order No. R-2990

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.

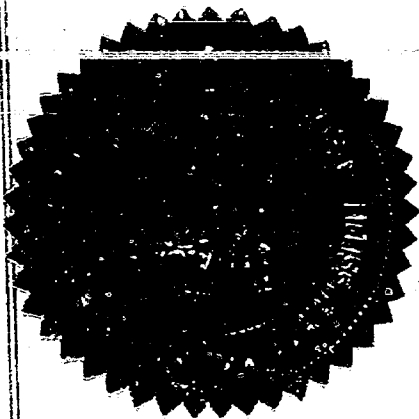
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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



ear/

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

October 27, 1965

C
O
P
Y

Mr. Fred Watson
Watson & Watson
Attorneys at Law
Carper Building
Artesia, New Mexico

Dear Sir:

Enclosed herewith is Commission Order No. R-2990, entered in Case No. 3322, approving the Ann Windfohr, George Brown, Allied Chemical Grayburg Jackson WBA Waterflood Project.

Injection is to be through the three authorized water injection wells which shall be equipped with internally plastic-coated tubing and packers, said packers being set as near as is practicable to the upper-most perforations. Liners shall be pressure-tested to a minimum of 1500 psi and the results of the test reported to the Commission. You are also requested to notify the Artesia office of the Commission of the date and hour such tests are to be conducted.

As to allowable, our calculations indicate that when all three 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 294 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.

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO

-2-

Mr. Fred Watson
Watson & Watson
Artesia, New Mexico

October 27, 1965

C
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P
Y
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

ALP/DSN/ir

cc: Mr. Frank Irby
State Engineer Office
Santa Fe, New Mexico

Oil Conservation Commission
Artesia, New Mexico

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
DENVER DIVISION

A. L. PROTSMAN, DIVISION LANDMAN

MAIN OFFICE 000

266 JUL 5 AM 7 47

P. O. BOX 2100
DENVER, COLO. 80201

July 1, 1966

NM-1085 - J/O TEXACO-NEW MEXICO
UNIT "N" - N $\frac{1}{2}$ SECTION 36-30N-R12W
SAN JUAN COUNTY, NEW MEXICO
RE: CASE NO. 3322 ORDER NO. R-2293
DATED NOVEMBER 9, 1965

Oil and Gas Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico

Gentlemen:

Please refer to our letter of May 20, 1966, (also addressed to Pan American Petroleum Corporation, Joseph E. Seagram & Sons, Inc. and Evko Development Company), wherein we furnished an itemized schedule of the actual well costs for well New Mexico Unit "N".

We believe the above well cost statement may be in error and we are now investigating the matter, after which a corrected well cost statement will be submitted if necessary. We believe any corrected statement will show well costs to be in an amount greater than as submitted on our original statement.

The purpose of this letter is to notify all interested parties of the above so that our original well cost statement will not be considered as the well cost statement under the provisions of paragraph (5) of page 3 of your captioned order, which provides in part that an itemized schedule of well costs shall be considered

Oil and Gas Conservation
Commission

-2-

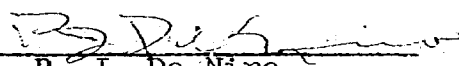
July 1, 1966

to be the reasonable well costs if no objection is received
within 60 days following completion of the well.

Very truly yours,

A. L. PROTSMAN

By


P. J. De Niro
Contract Section

PJD:ELH

cc: Pan American Petroleum Corporation
Security Life Building
Denver, Colorado 80202
Attention: Mr. B. F. Pracko

Joseph E. Seagram & Sons Inc.
P. O. Box 747
Dallas, Texas 75221
Attention: Mr. S. C. Leeman

Evko Development Company
Room 22, 122 Geary Street
San Francisco, California
Attention: Mr. H. Kogan
(CERTIFIED MAIL)

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
DENVER DIVISION

A. L. PROTSMAN, DIVISION LANDMAN

P. O. BOX 2100
DENVER, COLO. 80201

August 5, 1966

NM-1085 - J/O TEXACO-NEW MEXICO
UNIT "N" - N $\frac{1}{2}$ SECTION 36-30N-12W
SAN JUAN COUNTY, NEW MEXICO
RE: CASE NO. 3322 ORDER NO. R-2293
DATED NOVEMBER 9, 1965

Oil and Gas Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico

MAIN OFFICE 000

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Gentlemen:

Please refer to our letters dated May 20, 1966 and July 1, 1966, concerning an itemized schedule of actual well costs for the captioned well.

There is enclosed a corrected statement of well costs for the above well, which is being furnished pursuant to paragraph 5 of page 3 of the captioned order.

Very truly yours,

A. L. PROTSMAN

By P. J. De Niro
P. J. De Niro
Contract Section

PJDeN:JJJ

Encl.

cc: Pan American Petroleum Corporation
Security Life Building
Denver, Colorado 80202
Attn: Mr. B. F. Pracko

(Continued Page 2)

Oil and Gas Conservation
Commission

-2-

August 5, 1966

cc: Joseph R. Seagram & Sons Inc.
P. O. Box 747
Dallas, Texas 75221
Attn: Mr. S. C. Leeman

Evko Development Company
Room 22, 122 Geary Street
San Francisco, California
Attn: Mr. H. Kogan
(CERTIFIED MAIL)

STATE OF NEW MEXICO UNIT "N"

Transportation	\$ 864.61
Roads, Canals, Dirt Work, Pits	1,342.35
Contract Drilling - Footage	22,270.00
Contract Completion Unit	2,515.71
Bits	232.33
Other Rental Tools & Equipment	351.10
Drilling Mud & Additives	2,063.81
Cement & Cementing Services	5,051.51
Water	3,518.48
Perforating	1,336.74
Stimulation	9,593.87
Electric Logging & Surveys	2,207.22
Other Distributed Services	416.21
Other Drilling Costs.	2,069.49
Investment	15,674.07
Sales & Use Taxes	450.90
Applied Earnings Discount	695.91
	<u>612.87</u>

NASH, WINDFOHR & BROWN

PROPOSED PROGRAM

Convert the following producing wells to water injection:

<u>WELL</u>	<u>LOCATION</u>
Jackson "B" #6	Unit D - Section 25-17S-30E
Jackson "B" #9	Unit F - Section 25-17S-30E
Jackson "B" #11	Unit B - Section 25-17S-30E

Authorize water injection into a well to be drilled
in Unit N, Section 24-17S-30E.

Appl Ex 2
Q 224

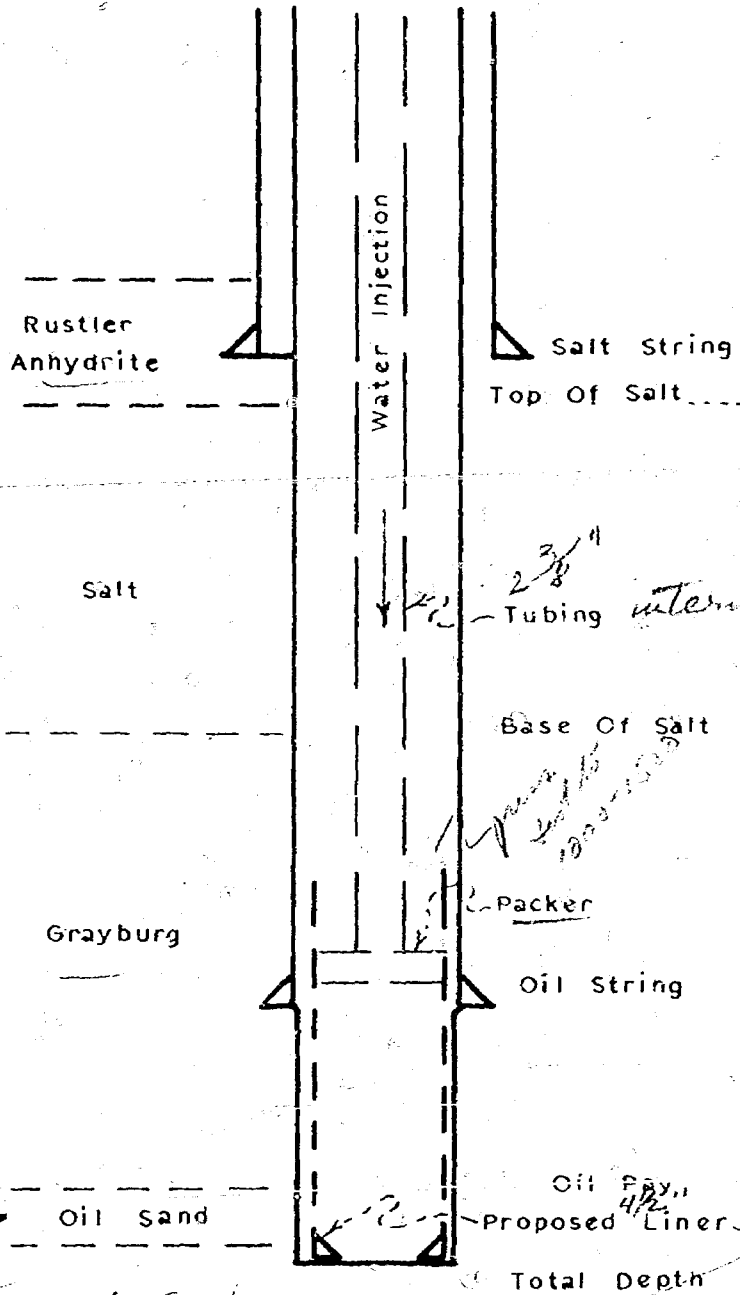
Exhibit 2

*Does not belong
out of place
any more*

INJECTION WELL DIAGRAM

INJECTION WELL No.

6 9 11



6	9	11
8 5/8" at 580' - 50 sx N.A.	8 5/8" at 524' - 50 sx 585'	8 5/8" at 526' - 50 sx 535'
N.A.	1265	1265
7" at 3100' 100 sx	7" at 3095' 100 sx	7" at 3115' 100 sx
3205-55	3215-30	3265-3310
3260	3241	3355

internally coated w/ plastic

Control back into 7H

Premier in the Sand in the Grayburg

*Appl Ex 3
Cs 3322*

Exhibit 3

OIL PRODUCTION

NASH, WINDFOHR & BROWN - JACKSON "B" - SEC. 25

	<u>WELL #6</u>	<u>#7</u>	<u>#8</u>	<u>#9</u>	<u>#10</u>	<u>#11</u>
<u>1965</u>						
Jan.	68	42	260	67	42	41
Feb.	61	37	235	61	38	38
Mar.	69	42	265	69	43	43
Apr.	67	41	259	67	42	42
May	66	41	255	66	41	40
June	64	39	246	64	40	40
July	63	39	244	63	39	40
	2	1	1	2	1	1
Cumulative Oil Production	84,232	61,017	114,875	77,802	53,649	15,874

Present average daily oil production less than 3 BOPD.

Source of water:
Anadarko (flow to west)
initial injection (500 to 1000 ft)
initially low pressure
injection to about 1000 ft
up pressure from 1400 to 1500 ft
in June 1965

Exhibit 4

OIL PRODUCTION

NASH, WINDFOHR & BROWN - JACKSON "B" - SEC. 25

	<u>WELL #6</u>	<u>#7</u>	<u>#8</u>	<u>#9</u>	<u>#10</u>	<u>#11</u>
<u>1965</u>						
Jan.	68	42	260	67	42	41
Feb.	61	37	235	61	38	38
Mar.	69	42	265	69	43	43
Apr.	67	41	259	67	42	42
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July	63	39	244	63	39	40
Cumulative Oil Production	84,232	61,017	114,875	77,802	53,649	15,874

Present average daily oil production less than 3 BOPD.

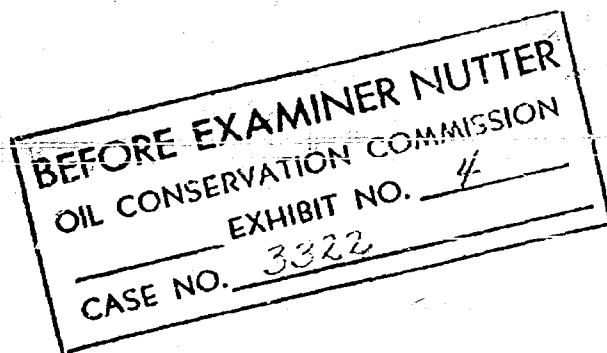
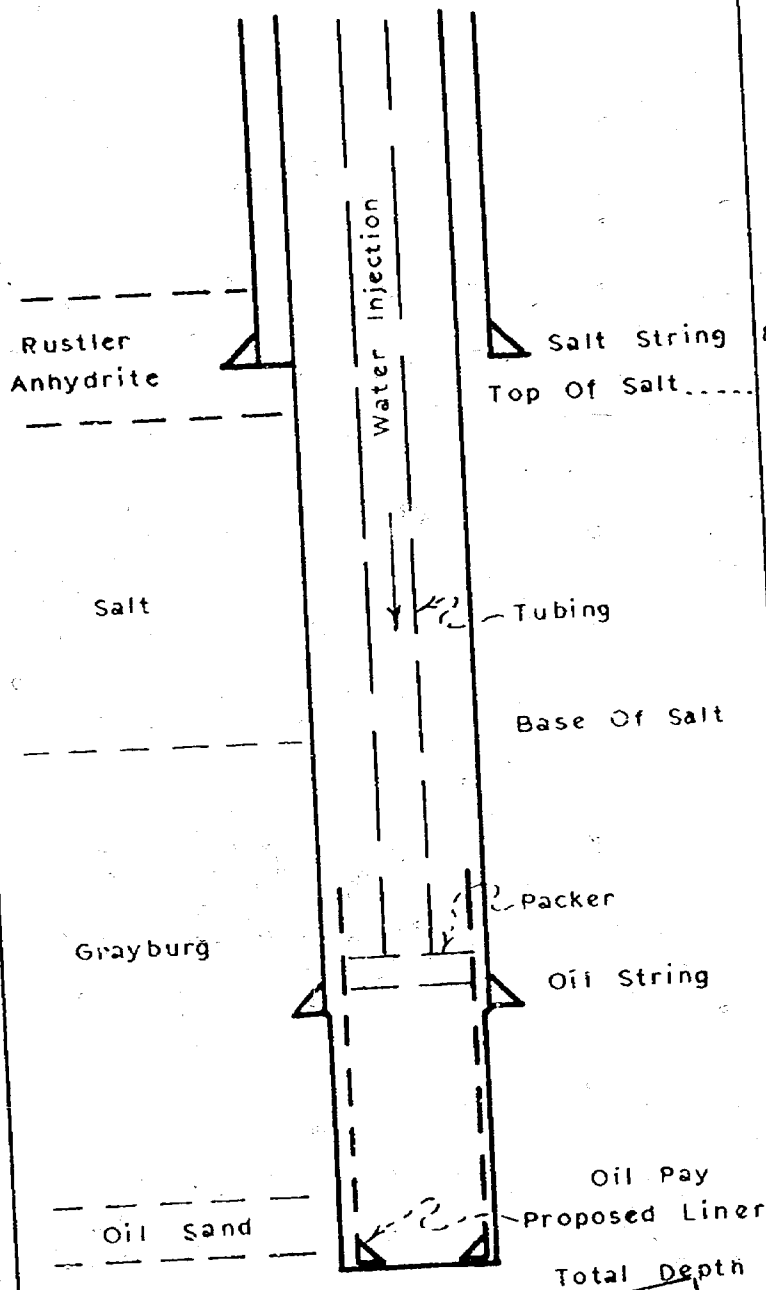


Exhibit 4

RALPH L. GRAY
PETROLEUM ENGINEERING

INJECTION WELL DIAGRAM

INJECTION WELL No.
6 9 11



6	9	11
8 5/8" at 580' - 50 sx N.A.	8 5/8" at 524' - 50 sx 585'	8 5/8" at 526' - 50 sx 535'
N.A.	1265	1265
7" at 3100' 100 sx	7" at 3095' 100 sx	7" at 3115' 100 sx
3205-55	3215-30	3265-3310
3260	3241	3355

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Acce EXHIBIT NO. 3
CASE NO. 3322

Exhibit 3

RALPH L. GRAY
PETROLEUM ENGINEERING

NASH, WINDFOHR & BROWN

PROPOSED PROGRAM

Convert the following producing wells to water injection:

<u>WELL</u>	<u>LOCATION</u>
Jackson "B" #6	Unit D - Section 25-17S-30E
Jackson "B" #9	Unit F - Section 25-17S-30E
Jackson "B" #11	Unit B - Section 25-17S-30E

Authorize water injection into a well to be drilled
in Unit N, Section 24-17S-30E.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Approved EXHIBIT NO. 2
CASE NO. 3322

Exhibit 2

RALPH L. GRAY
PETROLEUM ENGINEERING

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PAGE 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 19, 1965

EXAMINER HEARING

IN THE MATTER OF:

Application of Ann Burnett Windfohr,
George R. Brown, and Allied Chemical
Corporation for a waterflood project,
Eddy County, New Mexico. Applicants,
in the above-styled cause, seek authority
to institute a waterflood project in the
Grayburg Jackson Pool, Eddy County, New
Mexico, by the injection of water into
the Grayburg formation through three
wells in Section 25, Township 17 South,
Range 30 East.

Case No. 3322

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: Case 3322.

MR. DURRETT: Application of Ann Burnett Windfohr, George R. Brown, and Allied Chemical Corporation for a waterflood project, Eddy County, New Mexico.

MR. WATSON: The appearances for the Applicants are Mr. Rush Vann of the Windfohr Estate, from Fort Worth, Texas, although it's not intended that he testify; Mr. Ralph L. Gray, 302 Carper Building, Artesia, New Mexico, Engineer, who will testify for the Applicants on this project or application; and Fred A. Watson of Watson and Watson, Attorneys at Law, Carper Building, Artesia, New Mexico, is the attorney appearing for the Applicants. Mr. Gray will be the Applicants' witness.

(Witness sworn.)

(Whereupon, Applicants' Exhibits Nos. 1 through 4, both inclusive, marked for identification.)

RALPH L. GRAY

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

DIRECT EXAMINATION

BY MR. WATSON:

Q You are Mr. Ralph L. Gray of Artesia?

A Yes, sir.

MR. WATSON: Mr. Gray has testified before the Commission at a number of hearings. Are his qualifications

known and accepted by the Commission?

MR. NUTTER: Yes, sir, they are.

Q (By Mr. Watson) Mr. Gray, first, you have before you what's been marked as the Applicants' Exhibit No. 1. Would you state in some detail what that exhibit consists of?

A Exhibit 1 is a map of a portion of the Grayburg Jackson Pool. The map shows three wells on the Nash, Windfohr, Brown and Jackson "B" Lease in the North Half of Section 25, which the Applicant proposes to convert to water injection.

These wells are indicated on the map by the red circles. Also the map shows an undrilled location in the Southeast Quarter of the Southwest Quarter of Section 24.

Q These are all in Township 17 South, Range 30 East, N.M.P.M.?

A That's right. The Applicant also wishes to obtain authority to inject water into the undrilled location as shown on this map. The waterflood area which the Applicant proposes to flood is offsetting the Anadarko Production Company's unit. This was formerly known as the Ambassador Grayburg Waterflood Unit, and this unit offsets the Applicants' acreage to the west. The Ambassador Unit, as is shown on the map, has been waterflooding for, oh, roughly two and a half years.

Q This well, the undrilled location in Section 24, it is proposed to drill that?

A Yes. The Applicant anticipates that this will be drilled, although it's not definitely set up at this time.

Q Now if you would move to the Applicants' Exhibit No. 2, and describe the nature of that exhibit, please.

A Exhibit No. 2 lists the producing wells that will be converted to water injection, being Jackson "B" No. 6, No. 9, and No. 11 wells, and Exhibit 2 shows the exact location of these three producing wells. Also Exhibit 2 shows the exact location of the undrilled well in Section 24, which is anticipated to be used as an injection well at a later date.

Q And the Applicants' Exhibit No. 3 is an injection well diagram, is that correct?

A That's correct. Exhibit No. 3 is what we commonly refer to as a diagrammatic sketch of the proposed injection wells. This diagram shows the location of the casing strings that have been cemented.

Three columns are shown on this diagram. Each column shows the exact footage of the various items for Wells 6, 9, and 11. In each case, 8-5/8ths casing has been set and cemented into the top of the Rustler anhydrite section. The next string of casing is 7-inch, which is set in the Grayburg formation at approximately 3100 feet, and this string was cemented with 100 sacks of cement.

When the wells were originally completed, they were

completed in open hole, and the pay sand, which is the Premier sand of the Grayburg formation, was encountered at depths ranging from about 3200 to 3300 feet deep. The sketch shows a dotted liner, it's proposed to clean these wells out to total depth and 4-1/2 liners will then be cemented either on bottom or possibly at the top portion of the oil sand, and then these liners will be cemented back into the 7-inch casing. Then in finally completing these wells for injection, it's proposed to run a string of 2-3/8ths OD tubing which will be internally coated with plastic lining and then a packer will be installed on the bottom portion of the tubing and this will be set in the top portion of the liners.

Q Your zone to be flooded will be --

A The zone to be flooded will be the Grayburg Premier sand which will be near the bottom portion of these wells.

Q Now if you'll refer to Exhibit No. 4.

A Exhibit No. 4 is a table which shows the monthly oil production for each individual well from January, 1965, through July, 1965, and this also shows the cumulative oil production for each individual well as of August 1st, 1965. The primary purpose of this exhibit is to show that these wells are of the stripper type and that the reservoir has been essentially depleted, and so it's properly designated as a waterflood project.

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Q Now as to your source of water, what source of water is proposed?

A An agreement has been made or is being made at this time with Anadarko Production Company whereby that company will furnish pressured water to the Applicants' Jackson "B" Lease, and this water will be used to flood this lease.

Q This will be simply a cooperative agreement where it is furnished at cost in order that you will go ahead with this flood offsetting the Anadarko operation at this time?

A That's correct.

Q What will be your volume of injection?

A It's anticipated that the average injection volume will be approximately 500 barrels per well per day.

Q Now returning for just a moment to Exhibit No. 1, is it proposed to, as time goes on and as the pattern permits or would seem to indicate, to expand this flood operation? The Applicants own other lands, do they not?

A Yes, sir. The Applicant owns the entire Section 24 of Township 17 South, Range 30 East, and as indicated on the map, they also own the Northeast Quarter of Section 23 and the North Half of the Southeast Quarter. Now both of these tracts directly offset the Anadarko Unit and we anticipate that sometime in the future the Anadarko flood will be expanded and that it may be desirable for the Applicant to meet

development by offsetting the unit in portions of these leases.

Q To whatever extent that it might be permitted by the rules and by the Commission, you would hope that this expansion could be accomplished by administrative order or administrative approval?

A Yes. We would like the Commission to provide in the order that this flood project could be expanded by administrative approval.

Q Also referring to your Exhibit 1, insofar as it indicates the three wells to be converted to injection wells and the proposed injection well to be drilled, does it show a normal five-spot pattern?

A That's correct. This is what we normally refer to as an 80-acre five-spot spacing pattern.

Q Does your pattern correspond with the development in the Anadarko unit?

A That's correct. It fits into the same pattern which they have established, and the proposals will provide for compensating offsets which will protect correlative rights along lease lines.

Q And it is an efficient pattern?

A Yes, sir.

Q And the Applicants are requesting that allowables be prorated in accordance with statewide Rule 701?

A That's correct.

MR. WATSON: The Applicants rest.

MR. NUTTER: Are there any questions of Mr. Gray?

MR. PORTER: I have one or two.

CROSS EXAMINATION

BY MR. PORTER:

Q Mr. Gray, about how old are these wells?

A The Jackson "B" wells on the Nash, Windfohr and Brown Lease were drilled in 1943, so they're about 23 years old.

Q Do you have knowledge of the response in the offsetting waterflood there? Are you familiar with the response there, Mr. Gray?

A Yes. We have followed the Ambassador flood and they have obtained response from the Premier sand which is considered satisfactory and we anticipate that we will be able to obtain the same type of response.

Q And that yours would perform about like theirs had?

A Yes.

Q Do you know about what they estimate would be the recovery in relation to primary recovery?

A No, sir.

Q One to one or --

A I really don't know what their thinking is on that. We haven't discussed that particular point.

Q And you haven't made any estimates on what you might expect to recover in relation to primary?

A From our experience in other floods which are maybe similar to this, we anticipate that they will get at least one times primary, and possibly somewhat higher.

MR. PORTER: That's all I have.

MR. WATSON: Mr. Examiner, I rested prematurely. I move the introduction of Applicants' Exhibits 1 through 4.

MR. NUTTER: Applicants' Exhibits 1 through 4 will be admitted in evidence.

(Whereupon, Applicants' Exhibits Nos. 1 through 4, both inclusive, were offered and admitted in evidence.)

BY MR. NUTTER:

Q Mr. Gray, this injection well diagram on Exhibit 3 is for the three wells that have already been completed. What kind of a casing and tubing and cementing program do you have in mind for the well which is going to be drilled?

A Well, we actually haven't set up any definite program on this yet. One reason is that we're not certain at this particular time whether such a well will be drilled by cable tools or whether it will be drilled by rotary, and the type of rig used would dictate to some extent the program that would be followed.

In any event, of course, the proposed program would

have to be approved by the proper regulatory bodies before the well could actually be drilled.

Q That casing and cementing program would normally be submitted to the United States Geological Survey for approval; this is a Federal lease?

A That's right.

Q Could you make provision for submitting your casing and cementing program to the Oil Conservation Commission and to the State Engineer's Office prior to sending it in to the United States Geological Survey, to see what you propose?

A Yes, we will be glad to furnish you with a program before the well is actually started.

Q We would appreciate that. Have your clients entered into a lease line agreement for waterflooding with the operators of the unit to the west?

A Yes. I understand that the agreement is currently being processed.

Q Is it their plan to put this Arnold No. 3 and the Stevens No. 5 which you have circled with a broken line on injection when you put your wells on injection?

A That's correct. Now the unit has renumbered their wells, so that actually the numbers as shown on this map have actually been changed.

Q But anyway, you know which wells I am talking about?

A Correct. We show these two wells on the map with a dotted circle which represents the proposed water injection pattern.

Q Those wells will go on injection at the same time your wells will?

A Approximately.

MR. PORTER: That's a continuation of your 80-acre five-spot pattern, isn't it?

A Yes, sir.

MR. NUTTER: Are there any other questions of Mr. Gray? Mr. Durrett.

BY MR. DURRETT:

Q Mr. Gray, I am correct now that you seek some special administrative procedure for approval of additional wells?

A Yes, sir. We would like to be able to expand the program by administrative order.

Q You don't feel that the administrative procedure in 701 would be adequate for your needs?

A Yes, I think they would be adequate, yes, sir. In other words, it would be a matter of furnishing the offset operators with waivers and going through the routine waiting period in order to get approval.

Q But you don't want to be restricted to the situation where you have to receive a response or be offsetting a well



that has received a response?

A Well, not necessarily, because this would be dictated to some extent by the course of action that the Anadarko people take and the rate at which they expand their flood. Of course, it would be desirable to meet compensating offsets on the Nash, Windfohr and Brown Leases, so I think it would be up to the Applicant, at such time as he made an application for administrative order, it would be up to the Applicant to show really the reason for expanding the flood at that time.

Q What sort of guide lines would you recommend as far as the authority of the Secretary Director, who I would assume you would want to have this power? Do you suggest that if he determines that it would increase the efficiency of the flood --

A That would be the reason for making an application to expand the flood, yes, sir.

Q And that the Applicant would show the facts or reasons that he would feel it would increase the efficiency?

A Correct.

MR. DURRETT: Thank you.

MR. NUTTER: Are there any other questions?

MR. IRBY: Yes.

MR. NUTTER: Mr. Irby.

MR. IRBY: Frank Irby, State Engineer's Office.

BY MR. IRBY:



Q Mr. Gray, the exhibits that accompanied the application, on your Number 1 -- the well in Section 24 is to be the new well?

A Yes.

Q It's not shown, it's not indicated on your Exhibit 1, is that correct?

A This particular location I don't believe was included on our original map that accompanied the application. At that time it was anticipated that we would only ask for approval to inject into the three producing wells; but the map which we are showing as Exhibit 1 in this hearing shows the fourth location of this proposed well.

Q Are you asking for approval of it in this application?

A Yes, sir, we are asking for approval to inject water into that location at such time as it's drilled.

Q Not having had a set of the exhibits to be used at the hearing, I may ask you some unnecessary questions now. What are the wells in Section 22: 3, 6, and 7, circled and purple, what have they to do with this?

A These wells are water injection wells. They are present water injection wells within the Anadarko Grayburg Jackson Waterflood Unit.

Q Are they flooding the same formation that you propose to flood?

A Yes, sir.

Q In talking about your tubing, you stated that 2-3/8ths internally coated tubing and packer would be set. Did you say in the liner?

A Yes, sir. We expect to put a packer on the bottom of the tubing and it will actually be set in the top part of the liner that's installed.

Q Will the seal between the liner and the casing be tested?

A Yes. It will be tested to be sure that the packer is holding, yes, sir.

Q To what pressure will that be tested, Mr. Gray?

A Possibly 2,000 or 1500 pounds, in that range.

Q What's your injection pressure to be?

A Initially the wells will probably take water on a vacuum and then as the well bore is gradually filled up, we expect the pressure will gradually start climbing and possibly after two or three months we would expect the pressure to be somewhere around a thousand pounds. Then over a period of, oh, possibly a year or two, it may get up to fourteen or fifteen hundred pounds. That's approximately the pressures that have been encountered in the Ambassador Unit.

Q Well, shouldn't the seal that we just discussed be tested to a pressure in excess of your anticipated injection

pressure?

A We'd be happy to test it in excess if it's required.

Q May I have the results of this test?

A Yes, sir.

Q Now in discussing the source water, you said it was coming from Anadarko Production Company. This company is something new to me. Are they a water company?

A No, the Anadarko Production Company recently purchased the Ambassador Oil Company. I suspect that you are acquainted with the Ambassador because that was the name of the company that originally started the unit, and the Anadarko Production Company purchased the Ambassador so they're just merely taking over operation of this property. The water that is being used for flooding is actually purchased from the Double Eagle Water Company, a commercial water company.

MR. NUTTER: And then Anadarko is going to pressure it up. This is excess water that they have pressured up for their own flood and they are going to furnish you water for your wells?

A That's correct.

Q (By Mr. Irby) This is water from the Lea County Basin?

A Yes, sir.

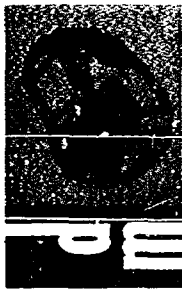
Q Are you going to reinject the produced water?

A Well, actually that's beyond our control because the

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agreement really is with the Anadarko Production Company to furnish us pressured water, and, of course, we don't know exactly what their program will be, say in the future. It's conceivable that sometime later in the life that they might want to utilize salt water, but if so, well, then we'll have to use whatever water they furnish into their line or provide our own source of water.

Q Well, do you have any agreement with Anadarko as to what will be done with the produced water?

A You mean on their leases?

Q No, on your lease.

A Our lease, no, sir, there's nothing in the agreement as to what will be done with the produced water on the Nash, Windfohr and Brown properties.

Q Then until such time as they decide they want this water and some agreement can be worked out, what disposition is going to be made of the produced water?

A Well, of course, at the present time there's practically no water being produced. Of course, as all floods usually react, we expect to produce water down the line, we don't know exactly what quantities or when we'll start producing it, but these are matters which we face as we have to, in other words. It's common practice to run this water into surface pits initially and then, as to whether the water is



actually utilized for other purposes, well, that depends on a lot of other factors which we're not able to establish right at this time.

MR. NUTTER: Let's put it this way, Mr. Gray. Now Anadarko or Ambassador has been operating this flood over here for two and a half years. Are they producing water yet?

A They are producing water from some of their wells.

MR. NUTTER: What are they doing with the water? Are they recycling it or disposing of it in pits?

A To my knowledge they are not recycling it. Actually I can't answer that definitely. I'm not real certain.

MR. NUTTER: I see. I notice in your application, Mr. Gray, you state that you had no logs and I am curious as to how you picked the contacts for the Rustler and the salt and the Grayburg and the oil sand shown in your exhibit on the typical well construction.

A Well, actually we do have sample logs on these wells. When we stated that we didn't have logs, we were referring to the electrical logs and gamma ray neutron type of logs. Before these wells are converted to injection, we do propose to run gamma ray neutron surveys along with calipers. Otherwise, the information that we have is from the geological logs which were run from sample cuttings at the time the wells were drilled. The formation tops were determined by the geologists

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in this manner.

Q (By Mr. Irby) I believe you said that this liner might be set through the pay and perforated or it might be set at the top of the pay?

A Yes, we're not real certain at this time. We would like to see these logs and the caliper log before we actually make the final determination.

MR. IRBY: I believe that's all the questions I have. Thank you.

MR. NUTTER: Are there any other questions of the witness? If there are no further questions, the witness may be excused.

(Witness excused.)

MR. NUTTER: Mr. Watson, as a point of application here, this application was for three wells in Section 25, it was advertised that way. That will be the scope that we go into as far as authorization. However, you have requested administrative approval for additional wells, and this fourth well can be handled administratively later on.

MR. WATSON: All right.

MR. NUTTER: If there's nothing further in Case 3322 -- Mr. Durrett.

MR. DURRETT: I would like to state for the record that the Commission has received a telegram from Anadarko

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supporting the Applicants.

MR. NUTTER: Thank you. If nothing further in Case 3322, we will take the case under advisement.

* * * *

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter - Notary Public, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 9th day of November, 1965.

Ada Dearnley
Court Reporter - Notary Public

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Executive Hearing of Case No. 3322 heard by me on 10/19, 1965.

[Signature], Examiner
New Mexico Oil Conservation Commission