CASE 3333: Application of WM. A. AND EDWARD R. HUDSON for a waterflood project, Eddy County, N.M.

CASE & 0. APP/icAtion, Transcripts, SMALL Exhibits ETC

PAGE 1 CONVENTION BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico November 23, 1965 HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, dearnley-meier reporting service, inc. EXAMINER HEARING BOX 1092 . PHONE 243-6691 . ALBUQUERQUE, NEW MEXICO IN THE MATTER OF: Application of William A. and Edward R. Hudson for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Case No. 3333 Queen formation through six wells in Sections 10, 11, and 15, Township 18 DEPOSITIONS, South, Range 31 East, Shugart Yates-Seven Rivers-Queen-Grayburg Pool, Eddy County, New Mexico. 1120 SIMMS BLDG.O. SPECIALIZING IN 51 BEFORE: DANIEL S. NUTTER, Examiner TRANSCRIPT OF HEARING

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER	HEARING			
SANTA	FE	,	NEW	MEXICO

REGISTER

9 A.M TIME: NOVEMBER 23, 1965 HEARING DATE LOCATION: Fesevel ?! M. REPRESENTING NAME : Felmont John & Freesell Santo Fé Setle Montgomy F: A Shall Oil Willow, Terps 54 Buell Hollos, 71.201. cherd Sala TEXACO duc. Artesia. Hudson & Hudson N.F.N Ralph Li Gray Santa Ve Kullah & ton Jason Kellah stimutie midland A Jumphile Si cla KM. Junder MIDLANY Mon SANTO Medland P.G. ANDERSON Mouranto R. y. Warfeed prodrall, bey me albugunge Sperling et Hobbs, N.M. mobil ail Co. Rowell, NM R.W. Webicto Hentele, Bondurant + Christy Joselinisty In Table Day-Sunday Dr D. I.C. P.C. Soudeck MIDENIO TENOS FELMONT OR CORP R.C. REYNOLDS MINCHIND TEXAS FELMONT On Coap Midland Texas J. D. MILLER Mobil wil Co Jig white

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MR. DURRETT: This is an application by William A. SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATE MENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS and Edward R. Hudson for a waterflood project, Eddy County, New Mexico. AI,BUQUERQUE, NEW MEXICO AI,BUQUERQUE, NEW MEXICO MR. KELLAHIN: Jason Kellahin of Kellahin and Fox of dearnley-meier reporting service, inc Santa Fe appearing for the applicant. I have one witness I would like to have sworn, please. (Witness sworn.) (Whereupon, Applicant's Exhibits 1294 1 through 12 marked for • PHONE 256identification.) P.O. BOX 1092 BANK EAST • P RALPH L. GRAY, a witness, having been first duly sworn, was examined and testified as follows: SIMMS BLDC. . DIRECT EXAMINATION BY MR. KELLAHIN: 1120 0 Will you state your name, please? Α Ralph L. Gray. What is your profession, Mr. Gray? Q А Consulting engineer. 0 In that connection, have you any relationship with William A. and Edward R. Hudson in Case Number 3333? A Yes, I do. I represent this operator. Are you familiar with the application in Case 3333? Q Yes, sir. Α Would you state briefly what is proposed in this case? Q The applicant proposes to commence a water injection A program in the Shugart Pool. They propose to convert six of

PAGE 2

EXPERT TESTIMONY, DAILY COPY, CONVENTIONS ALBUQUERQUE, NEW MEXICO ALBUQUERQUE, NEW MEXICO dearnley-meier reporting service, inc. SPECIALIZING IN DEPOSITIONS, HEARINGS, STATE MENTS. 2 • PHONE 243-6691 PHONE 256-1294 • BOX 1092 1120 SIMMS BLDG. • P.O. 1213 FIRST NATIONAL BANK the present producing wells to water injection wells. Now, referring to what has been marked as Exhibit Q Number 1, will you identify that exhibit and discuss the information shown on it?

PAGE 3

Exhibit 1 has been prepared to show the ownership Α within a two-mile radius of this proposed plat area. Hudson leases are indicated on this map by the yellow coloring. Now, referring to what has been marked Exhibit Number Q

2? Exhibit Number 2 is a more detailed map of this area. Α This map shows the proposed water injection wells on both the Hudson properties and also the Marathon properties. This area is to be flooded on a cooperative basis. We are in the process of making an agreement with Marathon for a lease-line operation and Marathon has tentatively agreed to the same spacing

This map also shows the three injection wells that are proposed on the Marathon property although these three are not actively a part of our application.



pattern.

There is not -- there is no immediate plan to convert Q those Marathon wells to water injection?

No, that will be done by Marathon. Α

I see. Now, you also show that Atlantic has an Q interest in this area. What is the situation as to Atlantic? A We've also had discussions with Atlantic and it's my understanding that they also have agreed to the the proposed space plan.

PAGE

Q Now, which of the Hudson wells will you convert to water injection?

A The water injection wells will be Shugart "A", Number 2, Number 3 and Number 5 wells. In Shugart "B", Number 1, 2 and 6 wells.

Q Now, what is the present situation as to those wells? Are they already drilled?

A Oh, yes. These wells have been drilled and have been produced and are essentially produced on to the economic limit.
 Q Now, referring to what has been marked Exhibit Number
 3, would you identify that exhibit and discuss the information shown on it?

A Exhibit Number 3 is the diagramatic sketch of all six of the proposed injection wells. This diagram shows the location of the 8-5/8" salt string, top of anhydrate, and top of salt, base of salt, top of the red sand, the perforations in the red sand, the depth of the 5½ production string of casing, the amount of cement and the total depth for each proposed injection well.

Q Now, your diagramatic sketch would indicate that you are going to inject through tubing under a packer, is this



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correct? That's correct. Α What type of tubing would you use in this completion? Q Well, this would be 2-3/8", so it would be upset Albuquerque, New MEXICO Albuquerque, New MEXICO Α tubing. Is that internally coated? Q We propose to have this tubing coated internally Α 243-6691 before injecting. • PHONE 2 PHONE 256-1 MR. NUTTER: That would be plastic coating? THE WITNESS: Yes. <u>§</u> • BOX 1(EAST (By Mr. Kellahin) In connection with the cementing P.O. BANK Q program on these wells, are you familiar with a letter written by the office of the State Engineer in connection with these SIMMS FIRST 1120 this application? Yes, sir. Δ. In which he stated: "We offer no objection to the 0 granting of the application providing a packer will be placed to the top of the cement surrounding the 5-1/2 inch casing." Will that be the result in this case? Yes, it will inasmuch as the cement is circulated to Α the surface. There would be no problems in cementing? Q

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No, sir.

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Now, referring to what has been marked Exhibit 4

through 9, would you identify those exhibits and discuss the information shown on those?

PAGE 6

A Exhibits 4 through 9 are portions of the gamma ray neutron logs on each of the proposed injection wells. These logs show the present perforations and the red sand formation, show the top of the red sand and other pertinent information. Each of these wells were originally drilled through the Grayburg Formation.

Two of the wells: Shurgart "A", Number 2, and "A", Number 5, were perforated in the Grayburg zone as well as the red sand.

It's only proposed to flood the red sand formation so we propose to exclude the Grayburg formation by setting a bridge plug just below the red sand perforation.

Q . The only formation that you propose to flood is the Queen, is that right?

A That's right.

Q Now, referring to what has been marked as Exhibit Number 10, would you identify that exhibit?



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> A Exhibit Number 10 is a performance curve showing the monthly oil production on the Shurgart "A" Lease from the beginning until July -- through July of 1965.

Q Now, the line shows the total oil production for both the Grayburg and Queen formation, is that correct?

Yes. All of these wells were initially completed in the red sand and two wells were opened up in the Grayburg at a DEPOSITIONS, HEARINGS, STATE MENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS later time. The increase in the oil production after the Grayburg was opened up was very small and we consider that there has been a very small amount of production which has actually 1 . ALBUQUERQUE, NEW MEXICO ALBUQUERQUE, NEW MEXICO 38 dearnley-meier reporting service, come from the Grayburg zone. Now, in connection with the Queen formation, and in your opinion, is that formation substantially depleted on this 243-6691 PHONE 256lease? And you have an advanced stripper stage of production? yes, it is. Ā S SLDG. . P.O. BOX 1092 Q That's correct. Now, referring to Exhibit Number 11, does that Α SPECIALIZING IN reflect the same information as to your "B" lease? 1120 SIMMS 5 1213 FIRST NU This Exhibit 11 is also an oil production curve for Α the Shurgart "B" Lease. None of the wells on that lease were opened in the Q Grayburg? That is correct. And does this reflect that the "B" lease is A substantially depleted in the Queen formation? Yes, sir. And it is at an advanced stripper stage? A

PAGE 7

- Q
 - Yes. A

Now, referring to what has been marked Exhibit Number Q 12, would you identify that exhibit and discuss it? Exhibit Number 12 shows the status of the wells as of Α September, 1965. All of these wells are pumping except the NEW MEXIC four wells which have been temporarily abandoned. These four ALBUQUERQUE, N ALBUQUERQUE, NEW wells are the Shugart "A", Number 1; "A", Number 4; "B", Number 1; and "B", Number 4 wells. This exhibit also shows the average daily oil 243-6 * PHONE 256production for September, 1965. It should be noted that these • 65 wells average between 2.0 and 4.8 barrels per day. EAST EAST And would you consider that a stripper operation? P.O. Q AS BLDG. . Α Yes, sir. 1120 SIMMS 1213 FIRST 7 Now, what source of water will you utilize for this 0 water flooding?

A It's proposed to purchase water from Double Eagle Water Company.

Q is that a fresh water supply?

A Yes.

Q Will you reinject introducëd water?

A Well, we can't say at this time.

Q And what volume of water do you propose to inject in the formation?

A We estimate that after the initial settlement that these wells will probably take an average of about 200 barrels



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page 8

per day per well.

Q Were Exhibits 1 through 12 prepared by you or under your supervision?

A Yes, sir.

MR. KELLAHIN: At this time I would like to offer in evidence Exhibits 1 through 12.

MR. NUTTER: Hudsons' Exhibits 1 through 12 will be admitted in evidence.

(Whereupon, Applicant's Exhibits < 1 through 12 were offered and admitted into evidence.)

MR. KELLAHIN: That's all I have on direct examination.

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

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Gray, do you have any estimate of the secondary recovery that might be obtained from this well, this project?
A Often we use a rough estimate of 1 to 1. The primary oil recovery of Shugart "A" Lease as of October 1st, 1965, 86,663 barrels. On the Shugart "B" Lease, the recovery was 131,724 barrels. This is a rather poor prospect. We rate the prospect and I would say that we'll be lucky to get 1 to 1.
Q Now, you have been negotiating with Marathon. Is it

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EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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Marathon's intention as far as you know to ask for a flooding program to put these three wells on injection at some later date? CONVENTIONS Yes, that's our understanding. In discussing this А program with Marathon, they advised us that this project will • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO EXPERT TESTIMONY, DAILY not be set up on their budget until 1966, so they were unable at this time to participate in this particular hearing with us. Q And as far as this one well of Atlantic's in Section DEPOSITIONS, HEARINGS, STATE MENTS. 14 is concerned, you anticipate they will be asking for authority to convert it to injection, also, later? Yes, sir, if they have not already also done so. I • 8 Α SIMMS BLDC. • P.O. BOX 1 FIRST NATIONAL FIANK EAST am not certain about that. A VOICE: That has already been done. SPECIALIZING IN MR. NUTTER: Where was the voice from? 1120 5 A VOICE: Right here. MR. PORTER: Would you --A VOICE: Richard L. Trimble with Atlantic Refining Company. MR. NUTTER: Was this the one that was recently authorized by Atlantic? MR. TRIMBLE: Yes, sir. MR. NUTTER: You also have an agreement with Maxwell over here further to your east? MR. TRIMBLE: Yes, and we are injecting water right now.

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MR. NUTTER: Has this Number 3 been converted to

water injection?

MR. TRIMBLE: Yes, sir.

MR. NUTTER: Thank you.

MR. TRIMBLE: Yes, sir.

Q (By Mr. Nutter) Mr. Gray, do you anticipate putting your six wells on water injection prior to the time that Marathon would put theirs on?

A No. The tentative plans that have been agreed upon with both Hudson and Marathon provide that Hudson will actually build a water flood plant which will service both properties and Hudson will operate the property. So, we anticipate that by the time the plant is actually built and we are ready to inject that by that time Marathon will have had their hearing and they will be ready at the same time.

Q I see. So, in accordance with the line agreement that you are negotiating it will all go on at the same time?

A Yes.

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Q Now, is there a difference in ownership between Hudson's Shugart "A" and Shugart "B" Leases?

A No, there's no difference in ownership. There is a little difference on royalties.

Q I see. So, presumably each will be required to stand on its own as far as allowable is concerned? You have a

project allowable for the Shugart "A" Lease and a project CONVENTIONS allowable for the Shugart "B" Lease --Α Yes. ŝ, ALBUQUERQUE, NEW MEXICO ALBUQUERQUE, NEW MEXICO SPECIALIZING IN DEPOSITIONS, HEARINGS, STATE MENTS, EXPERT TESTIMONY, DAILY -- because of the variation in nomenclature? 0 Α Yes. dearnley-meier reporting service, MR. NUTTER: Are there any other questions of Mr. Gray? You may be excused. 243-6691 Do you have anything further, Mr. Kellahin? PHONE 2 (Counsel nods head.) • 1092 MR. NUTTER: Does anyone else have anything they BOX 1 P.O. B wish to offer in Case 3333? 1120 SIMMS BLDG. MR. DURRETT: I would like to state for the record that the Commission has received the letter of November 19, 1965 from the State Engineer. MR. NUTTER: Thank you, Mr. Durrett. Is there anything further in this case? We will take the case under advisement and call Case 3334. (Whereupon, Case Number 3333 was concluded.)



STATE OF NEW MEXICO)) SS COUNTY OF BERNALILLO)

I, DEAN A. ROBINSON, Notary Public in and for the County of Bernalillo, State of New Mexico, 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 30th day of November,

1965.

NOTARY

I do hereby certify that the foregoing is a complete record of the processing in the forminer hearing of the 3333, hereing up on 11/23, 1045.

New Mexico Oil Conservation Commission

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PAGE 14

My Commission Expires:

October 16, 1969.



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dearnley-meier reporting service,

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Service of

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

December 10, 1965

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

Dear Mr. Kellahin:

Reference is made to Commission Order No. R-3002, recently entered in Case No. 3333, approving the Hudson and Hudson Shugart "A" and Shugart "B" Waterflood Projects.

Injection in each of the projects is to be through the three authorized injection wells which shall be equipped with packers and internally plastic-coated tubing.

As to allowable, our calculations indicate that when all of the authorized injection wells have been placed on active injection, the maximum allowable which the Shugart "A" project will be eligible to receive under the provisions of Rule 701-E-3 is 210 barrels per day; the maximum allowable for the Shugart "B" project will be 252 barrels per day.

Please report any error in these calculated maximum allowables immediately, both to the Santa Fe office of the commission and the appropriate district proration office.

In order that the allowable assigned to the projects 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

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

-2-Mr. Jason Kellahin December 10, 1965

both of the aforementioned commission offices by letter of any change in the status of wells in the project areas, 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 \mathcal{I} of the project and the wells therein will be appreciated.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

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

Oil Conservation Commission Artesia, New Mexico

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. 3333 Order No. R-3002

APPLICATION OF WILLIAM A. AND EDWARD R. HUDSON FOR TWO WATERFLOOD PROJECTS, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 23, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this <u>3rd</u> day of December, 1965, the Commission, a guorum 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, William A. and Edward R. Hudson, seek permission to institute two waterflood projects in the Shugart Pool by the injection of water into the Red Sand of the Queen formation through six injection wells in Sections 10, 11, and 15, Township 18 South, Range 31 Bast, NMPM, Eddy County, New Mexico.

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

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

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

-2-CASE No. 3333 Order No. R-3002

IT IS THEREFORE ORDERED:

(1) That the applicants, William A. and Edward R. Hudson, are hereby authorized to institute two waterflood projects in the Shugart Pool by the injection of water into the Red Sand of the Queen formation through the following-described wells in Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico:

Shugart "A" Waterflood Project

Injection wells:

H & H Shugart "A" Well No. 2, Unit K, Section 10 H & H Shugart "A" Well No. 3, unit G, Section 10 H & H Shugart "A" Well No. 5, Unit M, Section 10

Shugart "N" Waterflood Project

Injection wells:

H & H Shugart "B" Well No. 1, Unit M, Section 11 H & H Shugart "B" Well No. 2, Unit A, Section 15 H & H Shugart "B" Well No. 6, Unit G, Section 15

(2) That the subject waterflood projects shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

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

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

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



STATE OF NEW MEXICO FIL CONSERVATION COMMISSION

thursday CAMPBELL, Chairman

Nerry a EF. 'HA' Bedro d. A.

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

GOVERNOR JACK M. CAMPBELL CHAIRMAN

State of New Mexico Oil Conservation Commission

LAND COMMISSIONER GUYTON B. HAYS MEMBER

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

P.O.BOX 2088 SANTA FE

December 3, 1965

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

Re:	Case No	3333
	Order No	R~3002
	Applicant:	

William A & Edward R. Hudson

Dear Sir:

Enclosed herewith is a copy of the above-referenced Commission order recently entered in the subject case. Letter pertaining to conditions of approval and maximum allowable to follow.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC X Artesia OCC Aztec OCC

Other

Mr. Frank Irby



STATE OF NEW MEXICO STATE ENGINEER OFFICE

SANTA FE

November 15, 1965

ADDRESS CORRESPONDENCE TO: STATE CAPITOL SANTA FE, NEW MEXICO 87501

S. E. REYNOLOS STATERHGINEER

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

Dear Mr. Porter:

Reference is made to the application of Wm. A. and Edward R. Hudson for approval of a waterflood project and converting the following wells to injection service:

Shugart "A" No. 2 Shugart "A" No. 3 Shugart "A" No. 5 Shugart "B' No. 1 Shugart "B" No. 2 Shugart "B" No. 6

This office offers no objection to the granting of the application provided the packer is set well below the top of the cement surrounding the $5\frac{1}{2}$ " casing.

Yours truly,

FE1/ma cc-Jason W. Kellahin F. H. Hennighausen

S. E. Reynolds State Engineer By Frank E. Irby

Chief Water Rights Div. OIL CONSERVATION COMPLISSION SANTA FE, NEW LEXICO

Date 11/24/65 CASE_ 3333 Hearing Date 9 an 11/28/65-My recommendations for an order in the above numbered cases are as follows: Enter an oren anthorizing Win. A. Hudson & Elw. R. Hulson to institute to institute 4000 segmate wain flood projects in The Shugart Poal the at gaelows Shingert " Wainfloud Praject Injection wree : Sujection in leach projects will lee into the Rea Sand of the Queen Formation

Docket No. 33-65

EXAMINER HEARING - TUESDAY - NOVEMBER 23, 1965 DOCKET:

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 3294 (Continued from the September 22, 1965, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Harold J. Sechler, dba S. & S. Oil Producers, and all other interested parties to show cause why the Bond Well No. 1 located in the SW/4 NE/4 of Section 17, Township 9 North, Range 14 West, Valencia County, New Mexico, should not be plugged and abandoned in accordance with a Commissionapproved plugging program.

CASE 3333: Application of William A. and Edward R. Hudson for a waterflood project, Eddy-County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Queen formation through six wells in Sections 10, 11, and 15, Township 18 South, Range 31 East, Shugart Yates-Seven Rivers-Queen-Grayburg Pool, Eddy County, New Mexico.

CASE 3334: Application of Felmont Oil Corporation for an unorthodox location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Federal 9 Well No.] at an unorthodox location 660 feet from the North and East lines of Section 9, Township 8 South, Range 37 East, Bluitt-San Andres Gas Pool, Roosevelt County, New Mexico.

CASE 3335: Application of Monsanto Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1200 feet from the South line and 660 feet from the West line of Section 32, Township 16 South, Range 33 East, West Kemnitz-Lower Wolfcamp Pool, Lea County, New Mexico.

CASE 3336: Application of Shell Oil Company for special rules for the East Hightower-Upper Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the East Hightower-Upper Pennsylvanian Pool in Section 25, Township 12 South, Range 33 East, Lea County, New Mexico, including a provision for 80-acre proration units.

CASE 3337: Application of Shell Oil Company for the creation of a new gas pool and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Morrow production in Sections 3 and 4, Township 22 South, Range 34 East, and Section 34, Township 21 South, Range 34 East, Lea County, New Mexico, and the establishment of special pool rules, including a provision for 640-acre spacing units.

November 23, 1965, Examiner Hearing

CASE 3338: Application of Socony-Mobil Oil Company, Inc. for pool-lease commingling, Lea County, New Mexico. Applicant, in the abovestyled cause, seeks authority to commingle Glorieta, Blinebry, Upper-Pennsylvanian, Lower-Pennsylvanian, Devonian, Abo and Wolfcamp production from its State Bridges (Military Institute) Lease in Section 25, Township 17 South, Range 34 East, and from its State Bridges (Common School) Lease in Sections 3, 10 through 15, 22, 23, 24, and 26 and 27, Township 17 South, Range 34 East, Lea County, New Mexico, after separately metering the Military Institute production, allocating production to each lease by means of the subtraction method.

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CASE 3339: Application of Socony-Mobil Oil Company, Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Denton North Wolfcamp Unit Area comprising 2,640 acres, more or less, of Federal and fee lands in Township 14 South, Range 37 East, Lea County, New Mexico.

CASE 3340: Application of Socony-Mobil Oil Company, Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Denton North Wolfcamp Unit by the injection of water into the Wolfcamp formation through twelve wells located in Sections 25, 26, 27, 34, 35, and 36, Township 14 South, Range 37 East, Lea County, New Mexico.

CASE 3341:

Application of Tenneco Oil Company for an administrative procedure, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the establishment of an administrative procedure whereby wells presently completed in the Blanco-Mesaverde Pool could, without notice and hearing, be recompleted in the Blanco-Mesaverde and/or Basin-Dakota Gas Pools by means of setting a whipstock above the Mesaverde producing interval and directionally drilling around the old interval of completion which was originally shot. Operators utilizing such administrative procedure would be required to conduct appropriate deviation tests to ensure that no well would be completed nearer than 200 feet to the outer boundary of its proration unit.

Application of Sunray DX Oil Company for a waterflood project, CASE 3342: Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Grayburg-Jackson Pool, Eddy County, New Mexico, by the injection of water into the Keeley zone of the San Andres formation through four wells in Sections 22 and 23, Township 17 South, Range 29 East.

CASE 3343:

Application of Sunray DX Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Grayburg-Jackson Pool, Eddy County, New Mexico, by the injection of water into the Metex zone of the Grayburg formation through four injection wells in Sections 14 and 15, Township 17 South, Range 29 East. Application of Texaco Inc. for a unit agreement, Lea County, Application of lexaco inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Vacuum Unit Amea compositing 2000 acros more on New Mexico. Applicant, in the above-styled cause, seeks app of the West Vacuum Unit Area comprising 2000 acres, more or

November 23, 1965, Examiner Hearing CASE 3344:

or the west vacuum unit Area comprising ZUUU acres, more or less, of State land in Township 17 South, Range 37 East, Lea Application of Texaco Inc. for a waterflood project, Lea County, Application of lexaco inc. for a waterflood project, hea county, New Mexico. Applicant, in the above-styled cause, seeks authority County, New Mexico. New Mexico. Applicant, in the above-styled cause, seeks authorit to institute a waterflood project in its West Vacuum Unit by the CASE 3345:

to institute a waterrioou project in its west vacuum unit by the injection of water into the Grayburg-San Andres formations through injection of water into the Grayburg-San Andres formations through six injection wells located in Sections 3 and 4, Township 18 South, Range 34 East, and Sections 33 and 34, Township 17 South, Range 34 East, Vacuum Pool, Lea County, New Mexico. Application of Sinclair Oil & Gas Company for a waterflood project, Application of Sinclair Oil & Gas Company for a waterflood project Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Maljamar Pool by the injection of water into the Grayburg-San Andres for-mations through eight wells in Section 24, Township 17 South, Range 32 East. Lea County. New Mexico.

Range 32 East, Lea County, New Mexico.

CASE 3346:

KELLAHIN AND FOX AITORNEYS AT LAW 54% EAST SAN FRANCISCO STREET POST OFFICE BOX 1789 SANTA FE, NEW MEXICO 87501

October 28, 1965

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Care 3333

Oil Conservation Commission P. O. Box 2088 Santa Fe, New Mexico

Gentlemen:

JASON W. KELLAHIN

ROBERT E.FOX

Enclosed is an application seeking approval of the William A. and Edward R. Hudson water flood project on their Shugart "A" and "B" leases, Eddy County, New Mexico.

Please set this matter for hearing at the nearest available date.

Yours very truly,

KELLAHIN & FOX Jason W. Kellah

Jason W. Kellahin

JWK:crg

Enclosure

DOCKET MAILED

Date 11-10-65-

BEFORE THE

OIL CONSERVATION COMMISSION

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Van 3333 -

OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF WILLIAM A. AND EDWARD R. HUDSON FOR APPROVAL OF A WATER FLOOD PROJECT, EDDY COUNTY, NEW MEXICO

APPLICATION

Come now William A. and Edward R. Hudson and apply to the Oil Conservation Commission of New Mexico for approval of a water flood project on their Shugart "A" and "B" leases in the Shugart Yates-Seven Rivers-Queen-Grayburg Pool, Eddy County, New Mexico, and in support thereof would show:

1. Applicant proposes to convert the following producing wells to water injection wells:

WELL

LOCATION

Shugart	"A"	#2	NE/SW	Sec.	10-18S-31E
Shugart	"A"	#3	SW/NE	Sec.	10-18S-31E
Shugart	"A!	#5	SW/SW	Sec.	10-18S-31E
Shugart	"B"	#1	SW/SW	Sec.	11-18S-31E
Shugart	"B"	#2	NE/NE	Sec.	15-18S-31E
Shugart	"B"	#6	SW/NE	Sec.	15-18S-31E

2. Applicant proposes initially to inject water into the Red Sand (Queen) formation by injection down 2 3/8" internally coated tubing, below a packer. Packer will be set just above the Red Sand, found at a depth of approximately 3300'.

3. Water source will be by purchase from Double Eagle Water Company from their system, which is predominately Ogallala water.

Applicant proposes to inject, after fill up, approximately
 200 barrels of water per well per day.

5. There is attached hereto and made a part hereof, a plat showing applicant's Shugart "A" and "B" leases, offsetting leases and offsetting wells, and proposed injection wells, circled in red. 6. There is attached hereto and made a part hereof a diagrammatic sketch showing the proposed injection well completion, together with information on the proposed injection wells, showing casing and cementing program, formation tops, and location of perforations.

7. The proposed water flood project is in the interests of conservation, will result in the recovery of oil that would not otherwise be recovered, and will result in the prevention of waste. The correlative rights of applicant and offset owners will be protected.

8. In accordance with the rules of the Commission, a copy of this application has been filed with the office of the State Engineer.

WHEREFORE applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing the Commission enter its order approving the application.

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Respectfully submitted, WILLIAM A. and EDWARD R. HUDSON

ason W. Kellahi

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

Attorneys for Applicant

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Producing well		• • • • • • • • • • • • • • • • • • •	a at a to a to a to a	PORTIO	N OF SHUG	ART POOL
A LINE FIAM OF WELL	I			FDDY	COUNTY, NE	N MEXICO
 Water Injection new Proposed water injection 	stion well		•		A CO D HI	IDSON
F and				PROPOSE	D WATERFLO	OD PROJEC
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WILLIAM A. & EDWARD R. HUDSON

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STATUS OF WELLS - SEPTEMBER 1965

WELL	PRODUCING STATUS	DAILY OIL PROD. SEPT. 1965
Shugart "A" #1	Т. А.	and a state of the
Shugart "A" #2	Pumping	4.8 bbls.
Shugart "A" #3	Pumping	2.0 bbls.
Shugart "A" #4	T. A.	
Shugart "A" #5	Pumping	4.0 bbls.
Shugart "B" #1	т. А.	-
Shugart "B" #2	Pumping	3.0 bbls.
Shugart "B" #3	Pumping	3.0 bbls.
Shugart "B" #4	Т. А.	
Shugart "B" #5	Pumping	3.0 bbls.
Shugart "B" #6	Pumping	3.0 bbls.

CUMULATIVE OIL RECOVERY AS OF OCT. 1, 1965

Shugart "A" Lea	ise	ی میں سے سے میں میں م	 86,663 bbls.
Shugart "B" Lea	ise		 131,724 bbls.

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RALPH L. GRAY

Exhibit #12

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