

Exhibit Memorandum Nov. 1964
A.L.P.

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. 3145
Order No. R-2814

APPLICATION OF SUNRAY DX OIL COMPANY
FOR A DUAL COMPLETION AND SALT WATER
DISPOSAL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 12, 1964, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 24th day of November, 1964, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Sunray DX Oil Company, seeks authority to complete its State "AS" Well No. 1 located in Unit G of Section 29, Township 11 South, Range 33 East, NMPM, Lea County, New Mexico, as a dual completion to produce oil from the Pennsylvanian formation through 2 3/8-inch tubing installed in a packer set at approximately 9269 feet and to dispose of produced salt water through the production-intermediate casing annulus into the San Andres, Glorieta, and Tubb formations, with the injection interval from approximately 3840 feet to approximately 8600 feet.

(3) That the produced salt water should be treated prior to injection to prevent casing corrosion; that the casing-tubing annulus should be filled with inert fluid; and that a pressure gauge should be attached to the casing-tubing annulus to determine leakage of salt water from the production-intermediate casing annulus.

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(4) That approval of the dual completion and salt water disposal as set out above will prevent the drilling of unnecessary wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Sunray DX Oil Company, is hereby authorized to complete its State "AS" Well No. 1 located in Unit G of Section 29, Township 11 South, Range 33 East, NMPM, Lea County, New Mexico, as a dual completion to produce oil from the Pennsylvanian formation through 2 3/8-inch tubing installed in a packer set at approximately 9269 feet and to dispose of produced salt water through the production-intermediate casing annulus into the San Andres, Glorieta, and Tubb formations, with the injection interval from approximately 3840 feet to approximately 8600 feet;

PROVIDED HOWEVER, that the produced salt water shall be treated prior to injection to prevent casing corrosion; that the casing-tubing annulus shall be filled with inert fluid; and that a pressure gauge shall be attached to the casing-tubing annulus to determine leakage of salt water from the production-intermediate casing annulus;

PROVIDED FURTHER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Gas-Oil Ratio Test Period for the Pennsylvanian formation.

(2) 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, Chairman


E. S. WALKER, Member


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

S E A L

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