

Entered July 25, 1978
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6256
Order No. R-5530-A

APPLICATION OF TEXACO INC. FOR
AMENDMENT OF COMMISSION ORDER
NO. R-5530, NON-STANDARD LOCATIONS,
AND AN ADMINISTRATIVE PROCEDURE,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 21, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of July, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Texaco Inc., is the operator of the Central Vacuum Unit Pressure Maintenance Project authorized by Commission Order No. R-5530.
- (3) That the applicant seeks to amend Paragraph (14) on Page 7 of said Order No. R-5530 by removing or amending the allowable restriction therein subject to lease line agreements.
- (4) That said allowable restriction should be removed for any proration unit within said Central Vacuum Unit upon which a lease line injection well is located.

(5) That the applicant seeks permission to expand said Central Vacuum Unit Pressure Maintenance Project in the Vacuum Grayburg-San Andres Pool by the injection of water into the Grayburg-San Andres formation through eight additional injection wells located as follows:

<u>Unit Well No.</u>	<u>Location</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>
133	10' FNL & 1550' FEL	B	12	18-S	34-E
134	40' FNL & 40' FWL	D	7	18-S	35-E
135	1600' FSL & 40' FWL	L	6	18-S	35-E
136	2450' FNL & 40' FWL	E	6	18-S	35-E
137	1100' FNL & 40' FWL	D	6	18-S	35-E
138	10' FSL & 70' FEL	P	36	17-S	34-E
140	10' FSL & 2571' FWL	N	36	17-S	34-E
141	10' FSL & 1310' FWL	M	36	17-S	34-E

(6) That the application for approval of one other additional injection well, Unit Well No. 139, at a non-standard location should be dismissed.

(7) That the applicant further seeks the establishment of an administrative procedure for approval of additional producing and injection wells and the conversion of existing wells within said Central Vacuum Unit Pressure Maintenance Project to injection at both orthodox and unorthodox locations without further notice and hearing.

(8) That the establishment of such an administrative procedure would permit the more efficient operation of the project.

(9) That any injection well authorized by such an administrative procedure should be subject to all of the requirements and limitations contained in said Order No. R-5530.

(10) That Paragraphs 13, 14, 15, 16, and 17 on Page 7 of said Order No. R-5530 are numbered in error and should be re-numbered in proper sequence.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texaco Inc., is hereby authorized to expand its Central Vacuum Unit Pressure Maintenance Project, Vacuum Pool, by the injection of water into the Grayburg-San Andres

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formations through the following-described wells at non-standard locations as follows:

<u>Unit Well No.</u>	<u>Location</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>
133	10' FNL & 1550' FEL	B	12	18-S	34-E
134	40' FNL & 40' FWL	D	7	18-S	35-E
135	1600' FSL & 40' FWL	L	6	18-S	35-E
136	2450' FNL & 40' FWL	E	6	18-S	35-E
137	1100' FNL & 40' FWL	D	6	18-S	35-E
138	10' FSL & 70' FEL	P	36	17-S	34-E
140	10' FSL & 2571' FWL	N	36	17-S	34-E
141	10' FSL & 1310' FWL	M	36	17-S	34-E

(2) That the application for approval of one other additional injection well, Unit Well No. 139, at a non-standard location is hereby dismissed.

(3) That Paragraph No. (6) on Page 5 of Order No. R-5530 is hereby amended to read in its entirety as follows:

"(6) That the Director of the Oil Conservation Division may administratively authorize a pressure limitation in excess of that set out in Order No. (5) above upon a showing by the operator that such higher pressure will not result in fracturing of the confining strata."

(4) That Paragraph No. (7) on Page 5 of Order No. R-5530 is hereby amended to read in its entirety as follows:

"(7) That the applicant shall not inject water into the formation of any well located on a 40-acre tract that has on it, or that directly or diagonally offsets a tract that has on it, one of the 15 wells identified on Exhibit C attached hereto and by reference made a part hereof, at a pressure greater than hydrostatic until such well has been repaired or it has been shown to the satisfaction of the Division Director that such well will not serve as an avenue of escape for waters injected into the San Andres formation and he has authorized a higher than hydrostatic pressure."

(5) That Paragraph No. (9) on Page 5 of Order No. R-5530 is hereby amended to read in its entirety as follows:

"(9) That the operator shall immediately notify the supervisor of the Hobbs District Office of the Division of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from or around any producing well, the leakage of water or oil from or around any plugged and abandoned well within the project area, or any other evidence of fluid migration from the injection zone, and shall take such timely steps as may be necessary or required to correct such failure or leakage."

(6) That Paragraph No. (12) on Page 5 of Order No. R-5530 is hereby amended to read in its entirety as follows:

"(12) That those wells within the Central Vacuum Unit Area that are not included within the project area as defined above shall be prorated in accordance with the Division Rules and Regulations."

(7) That Paragraph No. (13) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (16) and is further amended to read in its entirety as follows:

"(16) That the average project area reservoir pressure shall be determined prior to the commencement of injection of water into the reservoir and at least annually thereafter. The average project area pressure shall be the average of the pressures in at least ten representative wells selected by the operator of the unit and the Supervisor of the Hobbs District Office of the Division at an agreed upon datum."

(8) That Paragraph No. (14) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (17) and is further amended to read in its entirety as follows:

"(17) That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Central Vacuum Unit which proration unit is not directly or diagonally offset by a San Andres injection well outside said Central Vacuum Unit, or upon which a Central Vacuum "lease-line" injection well is not located between a unit producing well and the unit boundary shall not be permitted to produce in excess of 80 barrels of oil per day."

(9) That Paragraph No. (15) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (18) and is further amended to read in its entirety as follows:

"(18) That each month the project operator shall submit to the Division a Pressure Maintenance Project Operator's Report, on a form prescribed by the Division outlining thereon the data required, and requesting allowables for each of the several wells in the Project as well as the total project area allowable. The aforesaid Pressure Maintenance Project Operator's Report shall be filed in lieu of Form C-120 for the Project."

(10) That Paragraph No. (16) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (19) and is further amended to read in its entirety as follows:

"(19) That the Division shall, upon review of the report and after any adjustments deemed necessary, calculate the allowable for the wells in the Project for the next succeeding month in accordance with these rules. The sum of the allowables so calculated shall be assigned to the Project and, except as provided under Order (17) above, may be produced from the wells in the Project in any proportion."

(11) That Order No. R-5530, as amended hereinabove is further amended by the addition of the following Paragraph No. (20):

(20) The Director of the Division is hereby authorized to approve such additional producing wells and injection wells at orthodox and unorthodox locations within the boundaries of applicant's Central Vacuum Unit as may be necessary to complete an efficient production and injection pattern, provided that said producing wells shall not be located closer than 330 feet to the Unit boundary nor injection wells closer than 10 feet to the Unit boundary nor any well closer than 10 feet to any quarter-quarter section or subdivision inner boundary. To obtain such approval, the project operator shall file proper application with the Division, which application, if it seeks authorization to convert additional wells to injection or to drill additional production or injection wells shall include the following:

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- (a) A plat showing the location of the proposed well, all wells within the project area, and offset operators, locating wells which offset the project area.
- (b) A schematic drawing of the proposed well which fully describes the casing, tubing, perforated interval, depth, and a demonstration that any proposed injection well will meet construction, pressure and monitoring provisions of Orders Nos. (2), (3), (4), (6), and (7) of this Order or the equivalent.
- (c) A letter stating that all offset operators to the proposed well have been furnished a complete copy of the application and the date of notification. The Director of the Division may approve the proposed well if, within 20 days after receiving the application, no objection to the proposal is received. The Director may grant immediate approval, provided waivers of objection are received from all offset operators.

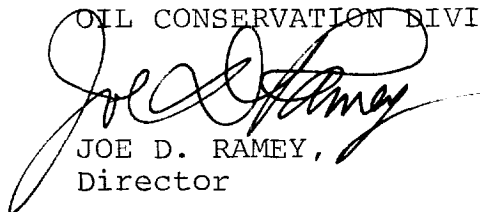
(12) That Paragraph No. (17) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (21) and is further amended to read in its entirety as follows:

"(21) That jurisdiction of Case No. 6008 is retained for the entry of such further orders as the Division may deem necessary."

(13) That jurisdiction of Case No. 6256 is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

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