

*Entered June 22, 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. 3069
Order No. R-2730

APPLICATION OF CONTINENTAL OIL
COMPANY FOR A PRESSURE MAINTENANCE
PROJECT AND A DUAL COMPLETION, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 10, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 19th day of June, 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, Continental Oil Company, seeks authority to dually complete its Rattlesnake Well No. 146, located in Unit B of Section 11, Township 29 North, Range 19 West, NMPM, San Juan County, New Mexico, to produce gas from the Rattlesnake-Pennsylvanian "B" Gas Pool through the casing-tubing annulus and to inject water into the Rattlesnake-Pennsylvanian "CD" Oil Pool through 2 7/8-inch tubing, with separation of zones by a packer at approximately 6500 feet.

(3) That the applicant also seeks authority to institute a pressure maintenance project in the Pennsylvanian "CD" formation underlying its Rattlesnake Lease in Sections 1, 2, 11, and 12, Township 29 North, Range 19 West, NMPM, Rattlesnake-Pennsylvanian "CD" Pool, San Juan County, New Mexico, with initial injection through two wells located in Units B and H of Section 11.

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(4) That the applicant also seeks the promulgation of special rules and regulations governing the proposed project.

(5) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(6) That approval of the proposed dual completion and pressure maintenance project is in the interest of conservation and should result in greater ultimate recovery of oil, thereby preventing waste.

(7) That special rules and regulations should be adopted to govern the proposed project in order to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to dually complete its Rattlesnake Well No. 146, located in Unit B of Section 11, Township 29 North, Range 19 West, NMPM, San Juan County, New Mexico, to produce gas from the Rattlesnake-Pennsylvanian "B" Gas Pool through the casing-tubing annulus and to inject water into the Rattlesnake-Pennsylvanian "CD" Oil Pool through 2 7/8-inch tubing, with separation of zones by a packer at approximately 6500 feet;

PROVIDED HOWEVER, 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 shut-in test period for the Rattlesnake-Pennsylvanian "B" Gas Pool.

(2) That the applicant is hereby authorized to institute a pressure maintenance project designated the Rattlesnake CD Pressure Maintenance Project in the Pennsylvanian "CD" formation underlying its Rattlesnake Lease in Sections 1, 2, 11, and 12, Township 29 North, Range 19 West, NMPM, Rattlesnake-Pennsylvanian "CD" Pool, San Juan County, New Mexico, with initial injection through two wells located in Units B and H of Section 11.

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(3) That Special Rules and Regulations for the Rattlesnake CD Pressure Maintenance Project, San Juan County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
RATTLESNAKE CD PRESSURE MAINTENANCE PROJECT

RULE 1. The project area of the Rattlesnake CD Pressure Maintenance Project, hereinafter referred to as the Project, shall comprise the following-described area:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 29 NORTH, RANGE 19 WEST, NMPM

Section 1: W/2 SW/4
Section 2: E/2 and E/2 W/2
Section 11: NE/4
Section 12: NW/4, N/2 SW/4, and
NW/4 SE/4

RULE 2. The allowable for the Project shall be the sum of the allowables of the several wells within the project area, including those wells which are shut-in, curtailed, or used as injection wells. Allowables for all wells shall be determined in a manner hereinafter prescribed.

RULE 3. Allowables for injection wells may be transferred to producing wells within the project area, as may the allowables for producing wells which, in the interest of more efficient operation of the Project, are shut-in or curtailed because of high gas-oil ratio, pressure regulation, control of pattern or sweep efficiencies, or to observe changes in pressures or changes in characteristics of reservoir liquids or progress of sweep.

RULE 4. The allowable assigned to any well which is shut-in or which is curtailed in accordance with the provisions of Rule 3, which allowable is to be transferred to any well or wells in the project area for production, shall in no event be greater than its ability to produce during the test prescribed by Rule 6, below, or greater than the current top unit allowable for the pool during the month of transfer, whichever is less.

RULE 5. The allowable assigned to any injection well on an 80-acre proration unit shall be top unit allowable for the pool.

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RULE 6. The allowable assigned to any well which is shut-in or curtailed in accordance with Rule 3 shall be determined by a 24-hour test at a stabilized rate of production which shall be the final 24-hour period of a 72-hour test throughout which the well should be produced in the same manner and at a constant rate. The daily tolerance limitation set forth in Rule 502 I (a) of the General Rules and Regulations and any limiting gas-oil ratio for the pool shall be waived during such tests. The project operator shall notify the Commission and all offset operators in writing of the exact time and date such tests are to be conducted. The Commission and representatives of the offset operators may witness the tests.

RULE 7. The allowable assigned to each producing well in the Project shall be equal to the well's ability to produce or to top unit allowable for the pool, whichever is less, and each producing well shall be subject to the limiting gas-oil ratio (2,000 to 1) for the pool.

RULE 8. Each month the project operator shall, within three days after the normal unit allowable for Northwest New Mexico has been established, submit to the Commission a Pressure Maintenance Project Operator's Report, on a form prescribed by the Commission, outlining thereon the data required, and requesting allowables for each of the several wells in the Project as well as the total Project allowable. The aforesaid Pressure Maintenance Project Operator's Report shall be filed in lieu of Form C-120 for the Project.

RULE 9. The Commission shall, upon review of the report and after any adjustments deemed necessary, calculate the allowable for each well 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 may be produced from the wells in the Project in any proportion.

RULE 10. The conversion of producing wells to injection, the drilling of additional wells for injection, and expansion of the project area shall be accomplished only after approval of the same by the Secretary-Director of the Commission. To obtain such approval, the project operator shall file proper application with the Commission, which application, if it seeks authorization to convert additional wells to injection or to drill additional injection wells shall be filed in accordance with Commission

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Rule 701-B and shall be accompanied by a statement that all offset operators to the proposed injection well have been furnished a complete copy of the application and the date of notification.

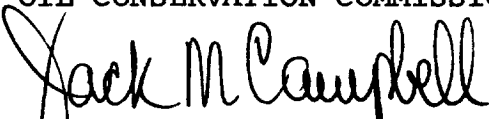
The Secretary-Director may approve the proposed injection well if, within 15 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators and from the State Engineer.

Expansion of the project area may be approved by the Secretary-Director of the Commission administratively when good cause is shown therefor.

(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.

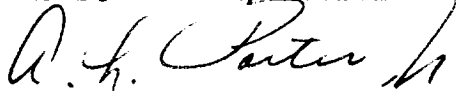
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



JACK M. CAMPBELL, Chairman



E. S. WALKER, Member



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

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