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CHAIRMAN

State of New Mexico
Oil Conservation Commission

AND COMMISSIONER
S. JOHNNY WALKER
MEMBER

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

P. O. BOX 871
SANTA FE

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1713
Santa Fe, New Mexico

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Gentlemen:

Enclosed herewith is Commission Order No. R-2550, entered in Case No. 2838, approving the Antelope Valley Queen Unit Water Flood Project.

According to our calculations, when all 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 1386 barrels per day, *allowing for additional wells which may be added*

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,

A. L. PORTER, Jr.
Secretary-Director

cc: Hobbs OCC &
Artesia OCC

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

August 23, 1963

**Continental Oil Company
Box 1377
Roswell, New Mexico**

Attention: Mr. A. B. Slaybaugh

Gentlemen:

Reference is made to your letter of August 22, 1963, wherein you point out a possible discrepancy in our letter of August 14 regarding the maximum allowable which may be assigned to your Eastcap Queen Unit Water Flood Project, Caprock Queen Pool, Chaves County, New Mexico.

According to your calculation the maximum permissible allowable would be 1,554 barrels per day, whereas our letter of the 14th states the maximum would be 1,386 barrels per day.

In making our computation of maximum allowable, we did not count the NE/4 of the SE/4 of Section 22, the NE/4 NW/4 and the NW/4 NW/4 of Section 27 or the SE/4 SE/4 of Section 34, inasmuch as these tracts do not have wells on them or the wells are abandoned. When the aforesaid four tracts do have wells either producing from or injecting into the Queen formation, we will be more than happy to include them for allowable purposes.

Very truly yours,

**A. L. PORTER, Jr.,
Secretary-Director**

ALP/DSH/eg

cc: Oil Conservation Commission - Hobbs

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This Copy
For

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

Case 2838

August 14, 1963

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1713
Santa Fe, New Mexico

Dear Sir:

Enclosed herewith is Commission Order No. M-2550, entered in Case No. 2838, approving the Continental Eastcap Queen Unit Waterflood Project.

According to our calculations, when all 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-M-3 is 1386 barrels per day, after all acreage in the unit area has been committed to the unit.

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.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

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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/DSM/ir

Enclosure

cc: Oil Conservation Commission:
Hobbs, New Mexico
Artesia, New Mexico

Copy also sent to
Frank Doby
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CONTINENTAL OIL COMPANY

P. O. BOX 1377
ROSWELL, NEW MEXICO

PRODUCTION DEPARTMENT
NEW MEXICO DIVISION
A. B. SLAYBAUGH
DIVISION SUPERINTENDENT
V. C. EISSLER
ASSISTANT DIVISION SUPERINTENDENT

825 PETROLEUM BUILDING
TELEPHONE: MAIN 2-4202

August 22, 1963

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Gentlemen:

Re: EASTCAP QUEEN UNIT
WATERFLOOD PROJECT

Please refer to your letter addressed to Mr. Jason Kellahin dated August 14, 1963, which accompanied Order No. R-2550 approving the subject project. Your above mentioned letter stated that the maximum allowable which this project will be eligible to receive under Rule 701 is 1,386 barrels per day. Dividing the 42 barrels per day per 40-acre tract, authorized by Rule 701-E-3, into the stated 1,386 barrels, indicates that this calculation is based upon a unit area of 1,320 acres. This acreage represents the amount of state acreage within the proposed unit area whereas there are also 160 acres of fee land providing a total of 1,480 acres or a total of 37 normal 40-acre proration units. Our calculations indicate that the maximum permissible allowable under Rule 701-E-3 should be 1,554 barrels per day.

This apparent error is being reported to you in accordance with the request in your above mentioned letter dated August 14, 1963. We should appreciate your correction of the appropriate records in your office.

Yours very truly,

VTL-pr

cc: New Mexico Oil Conservation Commission, Hobbs, N. M.
RGP GW JWK VGM



CONTINENTAL OIL COMPANY

P. O. BOX 1377
ROSWELL, NEW MEXICO

PRODUCTION DEPARTMENT
NEW MEXICO DIVISION
A. B. SLAYBAUGH
DIVISION SUPERINTENDENT
V. C. EISSLER
ASSISTANT DIVISION SUPERINTENDENT

825 PETROLEUM BUILDING
TELEPHONE: MAIN 2-4202

July 31, 1963

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Attention: Mr. Daniel S. Nutter

Gentlemen:

As agreed in conference following the hearing on Case No. 2838 on June 26th, we describe below the procedures which are proposed for the protection of fresh water resources in the area of our Eastcap Queen Waterflood project:

- A. Prior to injection of water into any well which is not equipped with tubing and packer, the casing shall be tested at a pressure of not less than 2,000 psi for a period of not less than 15 minutes. Failure of casing, in such well, to hold the applied pressure shall preclude its use without tubing and packer unless repairs are made such that the casing test requirement can be met.
- B. Injection into the producing formation shall be conducted utilizing tubing and packer under the following conditions:
 - (1) In those instances where surface casing has not been set and cemented through the Ogallala formation.
 - (2) In those instances where surface casing has been set through the Ogallala formation but where fluid injected is of poorer quality than the water produced from the nearest well

producing from the Santa Rosa formation; provided, that tubing and packer shall not be required, (a) if the cement column and/or surface casing provide protection to all possible fresh water bearing formations, or (b) if a satisfactory casing test, as described in paragraph A, has been conducted within two years prior to such use and is repeated thereafter at intervals not exceeding two years in length.

- C. The provisions of paragraph B(2) shall not apply if subsequent information should indicate Santa Rosa water to be unsuitable for human and livestock consumption.

We believe that the procedures described above will provide adequate protection to all possible fresh water resources in this area. We are making investigations as to the quality of water contained in the Santa Rosa formation. Our information to date indicates that the Santa Rosa water is brackish and consequently not a water source of any great value.

We are in accord with your efforts to conserve fresh water resources and are confident that this program will provide adequate protection.

Yours very truly,



VTL-pr

cc: State Engineer, Box 1079, Santa Fe, N. M.
JWK VGM