



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
BRUCE KING
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

October 22, 1971

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

Re: Case No. 4607
Order No. R-4212
Applicant:
Penroc Oil Corporation

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 handwritten signature in cursive script, reading "A. L. Porter, Jr.".

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC
State Engineer x

Other _____

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. 4607
Order No. R-4212

APPLICATION OF PENROC OIL CORPORATION
FOR A WATERFLOOD EXPANSION AND AMEND-
MENT OF ORDER NO. R-3494, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 13, 1971, at Roswell, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of October, 1971, 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, Penroc Oil Corporation, seeks permission to expand its Phillips Artesia Waterflood Project, Artesia Pool, by an additional injection well to be located 2645 feet from the South line and 1325 feet from the East line of Section 27, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.
- (3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.
- (4) That the proposed expansion of the Phillips Artesia Waterflood Project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

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(5) That an administrative procedure should be adopted whereby the Secretary-Director of the Commission may authorize additional injection wells within said waterflood project as may be necessary to complete efficient injection patterns.

(6) That the subject application should be approved and the expanded project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations; provided, however, that the showing of well response as required by Rule 701 E-5 should not be necessary before obtaining administrative approval for the conversion of additional wells to water injection, and provided further that said injection wells would be drilled no closer than 330 feet to the outer boundary of the waterflood project area nor closer than 5 feet to any quarter-quarter section or subdivision inner boundary.

IT IS THEREFORE ORDERED:

(1) That the applicant, Penroc Oil Corporation, is hereby authorized to expand the Phillips Artesia Waterflood Project, Artesia Pool, by an additional injection well to be located 2645 feet from the South line and 1325 feet from the East line of Section 27, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

PROVIDED HOWEVER, That injection through the above-described well shall be accomplished through 2 3/8-inch plastic-lined tubing installed in a packer set at approximately 1950 feet, with injection into the casing-tubing annulus shall be filled with an inert fluid; and that a pressure gauge shall be attached to the annulus at the surface in order to determine leakage in the casing-tubing, or packer.

(2) That the expanded waterflood project shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations;

PROVIDED HOWEVER, that the Secretary-Director of the Commission may approve such additional injection wells within said project area as may be necessary to complete efficient injection patterns; provided said wells are drilled no closer than 330 feet to the outer boundary of said waterflood project area nor closer than 5 feet to any quarter-quarter section or subdivision inner boundary, and provided that the application therefor has been filed in accordance with Rule 701 B of

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the Commission Rules and Regulations and is accompanied by evidence that the operator of any productive lease offsetting the proposed location has assented thereto. The showing of well response as required by Rule 701 E-5 shall not be necessary before obtaining administrative approval for the conversion of additional wells to water injection.

(3) That monthly progress reports of the expanded water-flood project 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 herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

BRUCE KING, Chairman


ALEX J. ARMISO, Member


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



S E A L