

BEFORE THE  
OIL CONSERVATION DIVISION  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

Case No. 10864  
Order No. R-\_\_\_\_\_

APPLICATION OF TEXACO EXPLORATION AND  
PRODUCTION INC. FOR NINE LEASE LINE  
WELLS, RHODES YATES WATERFLOOD,  
LEA COUNTY, NEW MEXICO.

**TEXACO EXPLORATION AND PRODUCTION INC.'S  
PROPOSED ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on November 18, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this \_\_\_\_ day of November, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

**FINDS THAT:**

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

(2) The applicant, Texaco Exploration and Production Inc. ("Texaco") seeks authority to expand its Waterflood Project on its W. H. Rhodes Federal "A" Lease, its W. H. Rhodes Federal "B" Lease and its Rhodes Yates Unit with the following nine lease line wells to be drilled at orthodox and unorthodox well locations in the Yates and Seven Rivers formations, Rhodes Yates-Seven Rivers Pool in its Rhodes Yates Cooperative Waterflood Project located in Township 26 South, Range 37 East:

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Rhodes NCT Coop Fed. Com-1 No. 1, to be located 1572 feet FSL, 2375 feet FEL of Section 27;

Rhodes NCT Coop Fed. Com-1 No. 2, to be located 2310 feet FNL and FEL of Section 27;

Rhodes NCT Coop Fed. Com-1 No. 3, to be located 1155 feet FNL, 2376 feet FEL of Section 27;

Rhodes Yates Coop Fed. Com-2 No. 1, to be located 2551 feet FNL, 44 feet FWL of Section 27;

Rhodes Yates Coop Fed. Com-3 No. 1, to be located 1360 feet FSL, 50 feet FWL of Section 27;

Rhodes Yates Coop Fed. Com-4 No. 1, to be located 1430 feet FSL, 10 feet FEL of Section 21;

Rhodes Yates Coop Fed. Com-5 No. 1, to be located 130 feet FNL, 10 feet FWL of Section 27;

Rhodes Yates Coop Fed. Com-4 No. 2, to be located 130 feet FNL, 1310 feet FWL of Section 27;

Rhodes Yates Coop Fed. Com-6 No. 1, to be located 130 feet FNL, 2588 feet FWL of Section 27.

(3) The Division originally authorized Texaco to institute each of these waterflood projects as follows:

- a. W. H. Rhodes "B" Lease Waterflood  
approval by Order No. R-2748  
(Case 3086) dated July 29, 1964
- b. W. H. Rhodes "A" Lease Waterflood  
approval by Order No. R-2748-A  
(Case 4271) dated December 3, 1969

- c. Rhodes Yates Unit  
approval by Order No. R-4521  
(Case 4936) dated May 17, 1973

(4) These waterflood projects are adjacent to each other and the Rhodes Yates Cooperative Waterflood Area is comprised of the following acreage:

**Township 26 South, Range 37 East, NMPM**

Section 21:	E/2 SE/4
Section 22:	All
Sections 25 through 27:	All
Section 28:	S/2, E/2 NE/4, NW/4 NE/4

(5) In 1991, Texaco completed a reservoir study and development plan for these waterflood projects which demonstrated that the existing eighty-acre five spot waterflood patterns were approaching depletion and reserves would be wasted without infill drilling and injection pattern downspacing.

(6) In response to this study, all working interest owners in each of these waterflood projects have executed the Rhodes Area Cooperative Lease Line Agreement which identifies each of the nine lease line wells and provides that each will be operated pursuant to this agreement and the Operating Agreement for the Rhodes Yates Unit.

(7) A three phase development plan is being implemented by (1) a conversion of existing producers to injection and (2) twenty-acre infill development drilling, including the drilling of the nine lease line producers which are the subject of this application.

(8) The application for approval of these lease line wells was originally filed on October 12, 1993, for Division administrative approval and notice was provided to all affected interest owners as required by Division rules, however, after review by the Director, the application was placed on the Division's Examiner docket.

(9) The evidence presented by Texaco established that the drilling of the proposed wells at these locations will enable Texaco and the other working interest owners in this cooperative waterflood area to establish an efficient production pattern within each of these secondary recovery projects.

(10) Although most of the above-described unorthodox well locations are closer than 330 feet to the outer boundary of a lease or unitized area, each well is located at least 330 feet from the outer boundary of the cooperative waterflood project area.

(11) Texaco also seeks establishment of an administrative procedure whereby the locations for each of the lease line wells may be moved a distance of not more than 100 feet from the approved location, if required by topographic conditions.

(12) An administrative procedure to permit Texaco to move the well location of any of these lease line injection wells no more than 100 feet from the approved location, if required by topographical conditions, should be adopted.

(13) Granting this application should result in an efficient waterflood production pattern, should substantially increase the production of oil from the Rhodes Yates Cooperative Waterflood Area, will protect correlative rights, and should be approved.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Texaco Exploration and Production Inc., ("Texaco") is hereby authorized to expand its Waterflood Projects on its W. H. Rhodes Federal "A" Lease, its W. H. Rhodes Federal "B" Lease and its Rhodes Yates Unit to include nine lease line wells to be drilled at the following orthodox and unorthodox well locations in the Yates and Seven Rivers formations, Rhodes Yates-Seven Rivers Pool, in the Rhodes Yates Cooperative Waterflood Project located in Township 26 South, Range 37 East, NMPM:

Rhodes NCT Coop Fed. Com-1 No. 1, to be located 1572 feet FSL, 2375 feet FEL of Section 27;

Rhodes NCT Coop Fed. Com-1 No. 2, to be located 2310 feet FNL and FEL of Section 27;

Rhodes NCT Coop Fed. Com-1 No. 3, to be located 1155 feet FNL, 2376 feet FEL of Section 27;

Rhodes Yates Coop Fed. Com-2 No. 1, to be located 2551 feet FNL, 44 feet FWL of Section 27;

Rhodes Yates Coop Fed. Com-3 No. 1, to be located 1360 feet FSL, 50 feet FWL of Section 27;

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Rhodes Yates Coop Fed. Com-4 No. 1, to be located 1430 feet FSL, 10 feet FEL of Section 21;

Rhodes Yates Coop Fed. Com-5 No. 1, to be located 130 feet FNL, 10 feet FWL of Section 27;

Rhodes Yates Coop Fed. Com-4 No. 2, to be located 130 feet FNL, 1310 feet FWL of Section 27;

Rhodes Yates Coop Fed. Com-6 No. 1, to be located 130 feet FNL, 2588 feet FWL of Section 27.

(2) An administrative procedure is hereby adopted whereby the location of any of these nine lease line wells may be moved a distance of not more than 100 feet from the approved location if required by topographical conditions upon written application to the Director accompanied by a plat which describes and shows the topographical condition, provided however, no well shall be moved off the lease or unit on which it is approved by this order.

(3) Jurisdiction of this cause 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

WILLIAM J. LeMAY  
Director

S E A L

**BEFORE THE**  
**OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case No. 10864 Exhibit No. 10

Submitted by: Texaco Exploration and  
Production Inc.

Hearing Date: November 18, 1993