State of New Mexico
Energy and Minerals Department
Oil Conservation Division
BEFORE SAME AND THE
STATE OF OKLAHOMA

Affidavit of Mailing

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
BEFORE SAME AND THE
OIL COLUMN AND THE
OIL COLUMN AND THE OIL CO

The undersigned hereby certifies that on this 20 day of April, 1989, he sent copies of the attached Application for Authorization to Inject by certified U. S. Mail, return receipt requested, to the parties listed below:

#### Surface Owners

Paul Davis, Thomas E. Davis, Jr., Marqurete S. Davis and Thomas H. Davis, trustees for H. H. and Margurete S. Davis Trust dated 6/16/87 South Star Route Elida, NM 88116

Finus M. and Laura J. Tucker Revocable Trust United New Mexico Trust Co. P. O. Box 1927
Roswell, NM 88201

#### Leasehold Operators Within One-Half Mile

Murphy Operating Co. P. O. Box 2648 Roswell, New Mexico 88202-2648 Attn: Ann Murphy Ezzell

Fina Oil and Chemical Company 1004 N. Big Spring Street Suite 400 P. O. Box 2990 Midland, TX 79701

Yates Petroleum Corporation Yates Building 207 South Fourth Artesia, NM 88210

Bristol Resources Corporation 3601 East 51st St. Suites B&C Tulsa, OK 74136 Attn: Mr. Bob Key

Warren American Oil Company P. O. Box 971 Midland, TX 79702 Attn: Mr. James A. O'Neill

Marathon Oil Company P. O. Box 552 125 West Missouri Street Midland, TX 79702

> Ivan D. Geddie T-25C McGee Tower P. O. Box 25861 Oklahoma City, OK 73125 Tel: (405) 270-2124

Sworn to before me, a Notary Public, this 20th day of April, 1989.

Notary Public in and for Oklahoma County, Oklahoma

My commission expires:

4-13-93

#### State of New Mexico Energy and Minerals Department Oil Conservation Division

County of Oklahoma )
State of Oklahoma )

#### Affidavit of Mailing

The undersigned hereby certifies that on May 12, 1989, he sent a copy of the K-M Chaveroo San Andres Application for Authorization to Inject by certified U. S. Mail, return receipt requested, to the additional party listed below:

Texaco, Inc. P. O. Box 3109 Midland, TX 79702

> Ivan D/Geddie T-25C McGee Tower P. O. Box 25861

Oklahoma City, OK 73125 Tel: (405) 270-2124

Sworn to before me, a Notary Public, this  $23^{-1}$  day of May, 1989.

Notary Public in and for Oklahoma County, Oklahoma

My Commission Expires:

4-13-93

#### STATE OF NEW MEXICO

#### ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

#### OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF KERR MCGEE CORPORATION FOR WATERFLOOD PROJECT CHAVES COUNTY, NEW MEXICO

CASE NO. 9683

#### CERTIFICATE OF MAILING

AND

#### COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054) I hereby certify that on May 1, 1989, I caused to be mailed by certified mail-return receipt requested, a notice of this hearing and a copy of the application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for June 7, 1989 to the parties shown in the Application evidenced by the attached Exhibit A.

KAREN AUBREY

SUBSCRIBED AND SWORN TO before me this 5th day of June, 1989 by Karen Aubrey, attorney for the applicant.

Notary Rublic

My Commission Expires:

#### KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin Karen Aubrey

Jason Kellahin Of Counsel El Patio - 117 North Guadalupe Post Office Box 2265

Santa Fé, New Mexi∞ 87504-2265

Telephone 982-4285 Area Code 505

May 1, 1989

RECEIVED

HAND DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87501

MAY 2 1989

OIL CONSERVATION DIVISION

Re: Application of Kerr McGee Corporation for Waterflood Project, Chaves County, New Mexico

Dear Mr. LeMay:

Enclosed are the original and one copy of Oil Conservation Division Form C-108 and attachments which constitutes the application of Kerr McGee Corporation for a Waterflood Project, Chaves County, New Mexico.

We would appreciate it if you would set this application for hearing before the Division's Examiner on May 24, 1989.

Copies of the Form C-108 were sent by certified mail to the surface owners and leasehold operators within one-half mile on April 20, 1989. By copy of this letter, sent certified mail, we are notifying the surface owners and leasehold operators of our request for a hearing on May 24, 1989.

Sincerely,

Karen Aubrey

KA/rs Encl.

cc: Ivan Geddie

Kerr McGee Corporation

Mr. William J. LeMay May 1, 1989 Page 2

CERTIFIED MAIL RETURN RECEIPT REQUESTED:

w/encl:

Floyd Prondo State Land Office, with C-108

w/o encl:

Paul Davis, Thomas E. Davis, Jr., Marqurete S. Davis and Thomas H. Davis, trustees for H.H. and Marqurete S. Davis Trust dated 6/16/87

Finus M. and Laura J. Tucker Revocable Trust United New Mexico Trust Company

Murphy Operating Company

Fina Oil and Chemical Company

Yates Petroleum Corporation

Bristol Resources Corporation

Warren American Oil Company

Marathon Oil Company

#### OIL CONSERVATION DIVISION ... POST OFFICE BUX 2088 STATE LAND OFFICE BUX DING SANTA FE NEW WEXCO 87501

FORM C-108 Revised 7-1-81

	•	RECEIVED
APPLICA	ATION FOR AUTHORIZATION TO INJECT	MAY
I.	Purpose: X Secondary Recovery Pressure Mainte Application qualifies for administrative approval?	Disposition Division
11.	Operator: KERR-MCGEE CORPORATION	THE SOMETHAN TON DIVISION
	Address: P. O. BOX 25861, OKLAHOMA CITY, OKLA	HÔMA 73125
	Contact party: R. J. QUANCE	Phone: (405) 848-9750
III.	Well data: Complete the data required on the reverse proposed for injection. Additional sheet	side of this form for each well s may be attached if necessary.
IV.	Is this an expansion of an existing project?	s Ena eproject
٧.	Attach a map that identifies all wells and leases wit injection well with a one-half mile radius circle drawell. This circle identifies the well's area of revi	wn around each proposed injection
VI.	Attach a tabulation of data on all wells of public re penetrate the proposed injection zone. Such data sha well's type, construction, data drilled, location, de a schematic of any plugged well illustrating all plug	il include a description of each oth, record of completion, and
VII.	Attach data on the proposed operation, including:	
Ý	<ol> <li>Proposed average and maximum daily rate and v</li> <li>Whether the system is open or closed;</li> <li>Proposed average and maximum injection pressu</li> <li>Sources and an appropriate analysis of inject the receiving formation if other than reinj</li> <li>If injection is for disposal purposes into a at or within one mile of the proposed well, the disposal zone formation water (may be maliterature, studies, nearby wells, etc.).</li> </ol>	re; ion fluid and compatibility with ectad produced water; and zone not productive of oil or gas attach a chemical analysis of
VIII.	Attach appropriate geological data on the injection z detail, geological name, thickness, and depth. Give bottom of all underground sources of drinking water (total dissolved solids concentrations of 10,000 mg/l injection zone as well as any such source known to be injection interval.	the geologic name, and depth to aquifers containing waters with or less) overlying the proposed
IX.	Describe the proposed stimulation program, if any.	
х.	Attach appropriate logging and test data on the well. with the Division they need not be resubmitted.)	(If well logs have been filed
XI.	Attach a chemical analysis of fresh water from two or available and producing) within one mile of any injectocation of wells and dates samples were taken.	more fresh water wells (if tion or disposal well showing
XII.	Applicants for disposal wells must make an affirmative examined available geologic and engineering data and or any other hydrologic connection between the dispossource of drinking water.	find no evidence of open faults
XIII.	Applicants must complete the "Proof of Notice" section	in on the reverse side of this form.
XIV.	Certification	
	I hereby certify that the information submitted with to the best of my knowledge and belief.	this application is true and correct
	Name: R. J. OUANCE	tle _SENIOR STAFF ENGINEER
	Signature: Phylumu	Date: APRIL / 1989
subm:	he information required under Sections VI, VIII, X, and litted, it need not be duplicated and resubmitted. Pleas he earlier submittal.	XI above has been previously

SENDER: Complete items 1 and 2 when additional services are desired, and complete item 3 and 4.
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Express Mell 051 ype of Service Registered 484 \* U.S.G.P.O. 1988-212-865 Box 45 Murphy Operating Company South Star Route HOLD **シャン・ショウンドイ** Davis, Jr Roswell, NM 88202 88116 PS Form 3811, Mar. 1988 P.O. Box 2648 3. Article Addressed to: Signature - Address KAI NELL 3. Article Addressed to: Signature - Agen 05.04 Thomas/E. Elida, NM 7. Date of Delivery

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5. Signature - Address

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\* U.S.G.P.O. 1988-212-865

PS Form 3811, Mar. 1988

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#### STATE OF NEW MEXICO

#### ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

#### OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF KERR MCGEE CORPORATION FOR STATUTORY UNITIZATION CHAVES COUNTY, NEW MEXICO

CASE NO. 9682

#### CERTIFICATE OF MAILING

#### AND

#### COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054) I hereby certify that on May 2, 1989, I caused to be mailed by certified mail-return receipt requested, a notice of this hearing and a copy of the application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for June 7, 1989 to the parties shown in the Application evidenced by the attached Exhibit A.

KAREN AUBREY

SUBSCRIBED AND SWORN TO before me this 5th day of June, 1989 by Karen Aubrey, attorney for the applicant.

Notary Public

My Commission Expires:

KELLAHIN, KELLAHIN and AUBREY
Attorneys at Law

W. Thomas Kellahin Karen Aubrey

Jason Kellahin Of Counsel El Patio -117 North Guadalupe Post Office Box 2265

Santa Fé, New Mexico 87504-2265

May 2, 1989

Telephone 982-4285 Area Code 505

HAND DELIVERED

PECEIVED,

William J. LeMay Director Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

MAY 2 1989

OIL CONSERVATION DIVISION

Re: Application of Kerr-McGee Corporation for Statutory Unitization, Chaves County, New Mexico

Dear Mr. LeMay:

Enclosed are the original and one copy of the application of Kerr-McGee for statutory unitization which we would appreciate being set for hearing on the Examiner's docket on May 24, 1989.

We are sending all affected parties copies of the application and this letter by certified mail.

Sincerely,

Karen Aubrev

KA/rs Encl.

cc: All persons on attached service list

#### Service List

Floyd Prondo State Land Office, with C-108 P.O. Box 1148 Santa Fe, New Mexico 87504-1148

Paul Davis, Thomas E. Davis, Jr., Marqurete S. Davis and Thomas H. Davis, trustees for H.H. and Marqurete S. Davis Trust dated 6/16/87 South Star Route Elida, New Mexico 88116

Finus M. and Laura J. Tucker Revocable Trust United New Mexico Trust Company P.O. Box 1927 Roswell, New Mexico 88201

Murphy Operating Company P.O. Box 2648
Roswell, New Mexico 88202
Attn: Ann Murphy Ezzell

Fina Oil and Chemical Company
P.O. Box 2990
Midland, Texas 79701

Yates Petroleum Corporation Yates Building 207 South Fourth Artesia, New Mexico 88210

Bristol Resources Corporation 3601 East 51st Street Suites B & C Tulsa, Oklahoma 74136 Attn. Mr. Bob Key

Warren American Oil Company P.O. Box 971 Midland, Texas 70702 Attn: Mr. James A. O'Neill

Marathon Oil Company P.O. Box 552 Midland, Texas 79702

# BEFORE THE OIL CONSERVATION DIVISION NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

RECEIVED

MAY 2 1989

IN THE MATTER OF THE APPLICATION OF KERR-MCGEE CORPORATION FOR APPROVAL OF STATUTORY UNITIZATION, CHAVES COUNTY, NEW MEXICO

OIL CONSERVATION DIVISION

CASE NO.

#### APPLICATION

COMES NOW KERR-MCGEE CORPORATION, by and through its attorneys, Kellahin, Kellahin & Aubrey, and pursuant to the provision of the Statutory Unitization Act (Sections 70-7-1 through 70-7-21, N.M.S.A., 1978 Comp.) hereby applies to the New Mexico Oil Conservation Division for an order unitizing the K-M CHAVEROO SAN ANDRES UNIT, Chaves County, New Mexico, and in support of its application states:

- 1. Kerr-McGee Corporation is a Delaware corporation authorized to transact business in the State of New Mexico, is engaged in the business of, among other things, producing and selling oil and gas and seeks to be designated operator of the K-M Chevroo San Andres Unit.
- 2. The proposed unit area for which this application is made consists of 1280.37 acres, more or less, of State of

New Mexico lands located in Chaves County, New Mexico, and is more particularly described in Exhibit A attached hereto and incorporated herein by reference. Kerr-McGee Corporation seeks an order pursuant to the Statutory Unitization Act providing for unitized management, operation and further development of the project area.

- 3. The vertical limits of the formation to be included within the proposed unit area includes that interval known as the San Andres formation which extends from 4211 feet to 4341 feet as measured on the compensated formation density log run in the Kerr-McGee Corporation State "F" Well No. 1 on April 29, 1966, said well located 660 feet from the North line and 660 feet from the West line of Section 2, Township 8 South, Range 33 East, Chaves County, New Mexico. The Unitized Formation shall further include all subsurface points throughout the Unit which are correlative to the aforementioned identified depths.
- 4. The portion of the reservoir involved in this application has been reasonably defined by development.
- 5. The type of operations to be conducted in this unit is secondary recovery by means of water flooding.
- 6. Attached to this application as Exhibit B and incorporated herein by reference is a copy of the proposed plan of unitization which Kerr-McGee considers fair, reasonable and equitable.

- 7. Attached to this application as Exhibit C and incorporated herein by reference is a copy of the proposed operating plan covering the manner in which the unit will be supervised and managed and costs allocated and paid.
- 8. Kerr-McGee Corporation has obtained the concurrence of at least 94% of the working interest ownership within the unit area of the proposed plan of unit operations, thereby assuring effective and efficient control of the unit.
  - 9. Kerr-McGee Corporation further states:
    - a. Unitized management, operating and further development of the K-M Chaveroo San Andres Unit is reasonably necessary in order to effectively carry on secondary recovery and to substantially increase the ultimate recovery of oil from the unitized portion thereof.
    - b. Unitized methods of operations applied to the K-M Chaveroo San Andres Unit are feasible, will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil than would otherwise be recovered.
    - c. The estimated additional costs, if any, of conducting such operations will not exceed the estimated value of additional oil so recovered plus reasonable profit.

- d. Unitization and adoption of unitized methods of operation will benefit the working interest owners, royalty owners and overriding royalty owner of the oil and gas rights within the pool.
- e. Kerr-McGee Corporation, as operator, has made a good faith effort to secure voluntary unitization of all interests in the pool.
- f. The participation formula contained in the unitization agreement allocated the produced and saved unitized hydrocarbons to the separately owned tracts in the unit area on a fair, reasonable and equitable basis.
- 9. Statutory unitization of the San Andres formation is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Kerr-McGee Corporation respectfully requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on May 24, 1989, and, that after notice and hearing as required by law and the rules of the Division, the Division enter its order granting this application to statutorily unitize the San Andres formation, Chaves County, New Mexico.

Respectfully submitted,

Karen Aubrey

Kellahin, Kellahin & Aubrey Post Office Box 2265

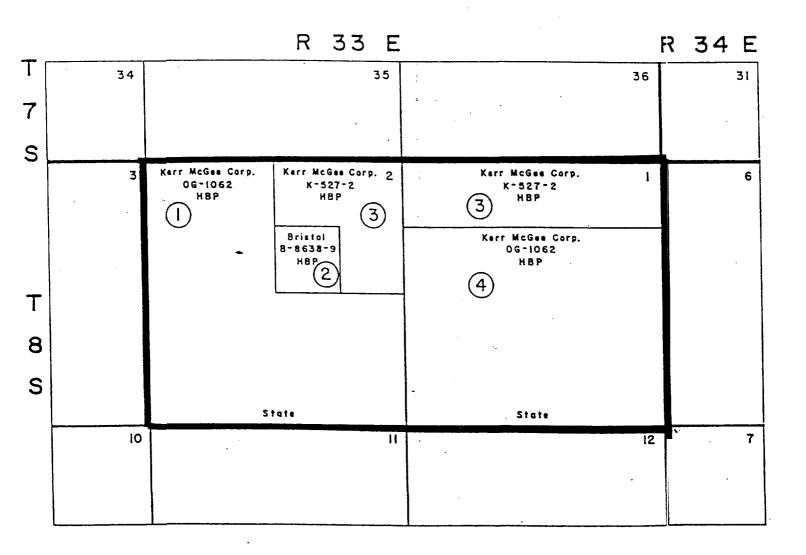
Santa Fe, New Mexico

(505) 982-4285

Attorneys for Kerr-McGee Corporation

### EXHIBIT "A"

## K-M CHAVEROO SAN ANDRES UNIT



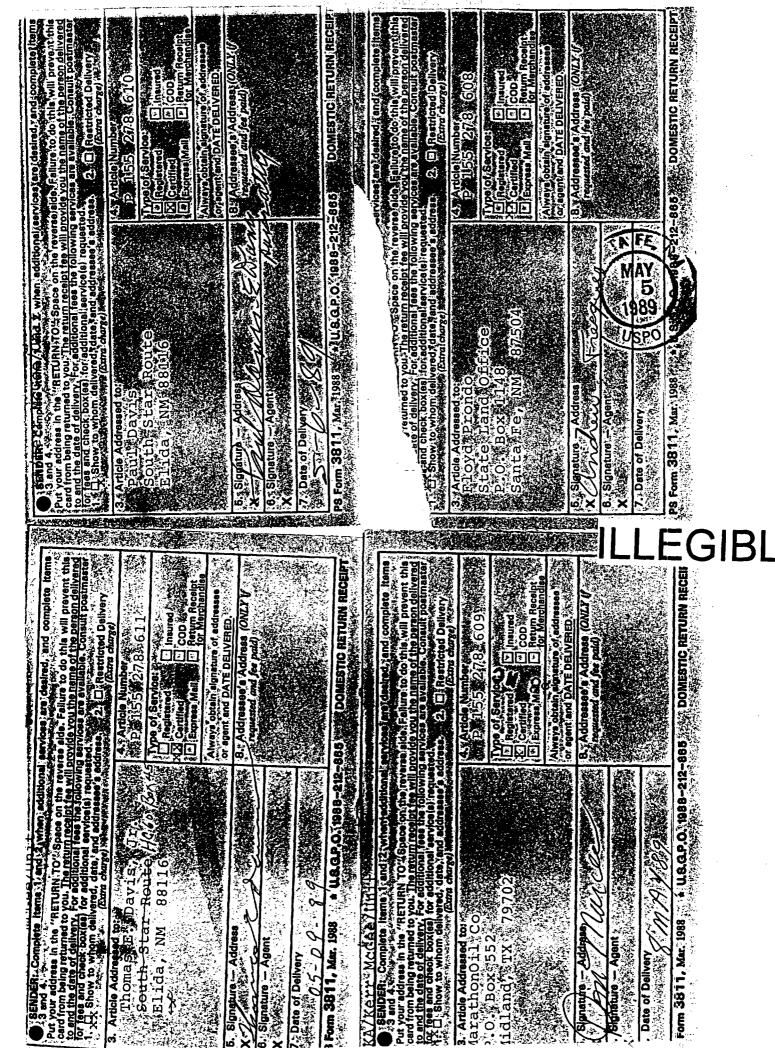


1280.37 Acres 100% Unit Area Scale: 1"= 2000'

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5. Signature - Address



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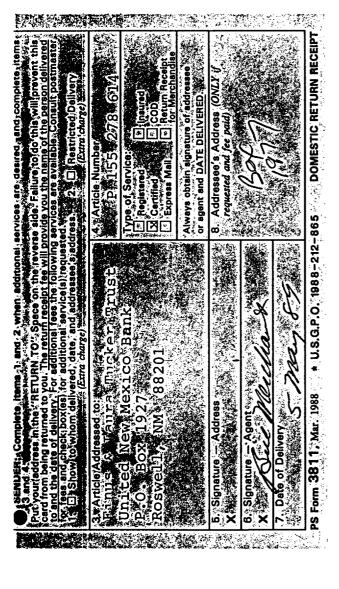
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