

BEFORE THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

Case 2718

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY (AS
CHAIRMAN OF THE OPERATING COM-
MITTEE UNDER THE SUPPLEMENTAL AND
AMENDATORY MALJAMAR COOPERATIVE
REPRESSURING AGREEMENT (SUPPLE-
MENT NO. 4) DATED DECEMBER 1, 1959,
AND AS OPERATOR UNDER THE MALJAMAR
COOPERATIVE AGREEMENT (SUPPLEMENT
NO. 5) DATED AS THE 1ST DAY OF
NOVEMBER, 1961, FOR THE APPROVAL
OF SUCH SUPPLEMENT NO. 5 AGREEMENT:
OF THE INITIAL PLAN OF OPERATIONS
PROPOSED IN CONNECTION WITH CON-
TINUATION OF THE FLUID INJECTION
PROGRAM FOR PRESSURE MAINTENANCE
TO BE CONDUCTED THEREUNDER; AND
FOR THE TRANSFER OF ALLOWABLE WITH-
IN THE PARTICIPATING AREA ESTAB-
LISHED UNDER SUCH SUPPLEMENT NO. 5
AGREEMENT AS THE SAME MAY BE
REVISED FROM TIME TO TIME UNDER
THE PROVISIONS THEREOF: AND FOR
AUTHORITY TO EXPAND SUCH PRESSURE
MAINTENANCE PROGRAM BY THE DRILL-
ING OR CONVERSION OF ADDITIONAL
INJECTION WELLS UPON ADMINIS-
TRATIVE APPROVAL OF THE COMMISSION:
AND FOR AN EXCEPTION TO THE PRO-
VISION OF RULE 309-A.

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, in its capacity as Chairman of the Operators Committee under that certain "Supplemental and Amendatory Agreement to Maljamar Cooperative Repressuring Agreement (Supplement No. 4)" dated December 1, 1959, and as Operator under that certain "Supplemental and Amendatory Agreement to Maljamar Cooperative Agreement (Supplement No. 5)" dated as of the 1st day of November, 1961, and would respectfully show unto the Commission the following:

1. Under and by virtue of the aforesaid "Supplement No. 4" Agreement or the agreements preceding the same and referred to therein, the parties since the year 1942 have conducted a pressure maintenance program by the injection of gas on a cooperative basis into the Grayburg-San Andres Formations underlying the Cooperative Area thereof, in accordance with

Commission Order No. 485 issued November 14, 1942.

2. Pursuant to Commission Order No. R-841 issued July 9, 1956, gas injection was discontinued in then Kewanee Oil Company Pearl Well No. 26, located 2,615 feet from the South line and 25 feet from the West line of Section 30, Township 17 South, Range 33 East, and such well was converted for water injection and for approximately six years water injection has continued therein.

3. Expansion of the aforesaid injection program in the Maljamar Pool by the Maljamar Cooperative Repressuring Committee with provision for further expansion by administrative approval was authorized by the Commission on October 23, 1957, by its Order No. R-1075.

4. In order to achieve the greatest ultimate recovery of oil and gas from the Grayburg-San Andres Formations a long range program of fluid injection into such formations should be continued, and, to protect the correlative rights of interested parties, it is desirable and necessary to fully unitize the Grayburg-San Andres Formations underlying the Participating Area within such Cooperative Area and, subject to the approval of the Secretary of the Interior or his delegate, and Land Commissioner of the State of New Mexico, and of the New Mexico Oil Conservation Commission, the parties to the said "Supplement No. 4" Agreement have adopted the said "Supplement No. 5" Agreement and desire to conduct such a program of fluid injection for pressure maintenance under the provisions and subject to the terms of such "Supplement No. 5" Agreement.

5. Applicant files herewith a copy of the said "Supplement No. 5" Agreement and a copy of the initial Plan of Operation contemplated thereunder.

6. In accordance with sound engineering principles for the operation of said participating area, to conserve reservoir energy and in order to prevent waste the Working Interest Owners who are parties to the "Supplement No. 5" Agreement

request approval to transfer allowable within the participating area.

7. The Working Interest Owners furthermore request a procedure be established whereby the Secretary-Director of the Commission shall have authority for any expansion or deletion of the fluid injection area, the expansion of the Participating Area within the Maljamar Cooperative Agreement boundaries, and for the continued transfer of allowables upon expansion of the Participating Area by administrative approval without notice and hearing.

8. For more efficient and economical handling of the unitized substances an exception to the provisions of Rule 309-A of the Commission's Rules and Regulations to permit the production of more than sixteen proration units into a single tank battery is requested.

WHEREFORE, your applicant prays that this application be set for a hearing and that upon notice and hearing as provided by law, the Commission enter its order granting this application; approving the said "Supplement No. 5" Agreement; approving the said Proposed Plan of Operation; establishing the right to transfer allowables within the Maljamar Cooperative Agreement unit and providing for expansions of the pressure maintenance program upon administrative approval, together with an exception to the provisions of Rule 309-A, to permit the production of more than sixteen proration units to a separate tank battery.

Respectfully submitted,
CONTINENTAL OIL COMPANY

By W^m G. Mead