

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

October 7, 1968

Mr. John M. Kelly
Consultant
Elk Oil Company
1001 Connecticut Avenue, N.W. - Suite 625
Washington, D.C. 20036

Dear John:

With further reference to Case 3868, I regret to advise that an order had already been entered granting the application prior to receipt of your second letter.

After I had answered your letter on September 19th, I referred it to the examiner and in my absence he brought the matter to the attention of the applicant at the hearing. The applicant's response was that as of the evening before the hearing they had not had further word from you. You had probably departed for Europe at the time of the hearing.

I have requested that the transcript be expedited and will supply you with a copy as soon as possible.

As the order was entered on October 2, 1968, you have 30 days to evaluate your situation and if you feel that you have been adversely affected, ask that the matter be heard de novo.

Yours very truly,

A. L. PORTER, Jr.
Secretary-Director

ALP/esr

cc: Elk Oil Company
Post Office Box 310
Roswell, New Mexico 89201

C
O
P
Y

ELK OIL COMPANY

POST OFFICE BOX 310
ROSWELL, NEW MEXICO 88201

October 4, 1968

Mr. A. L. Porter, Jr.
Secretary-Director
State of New Mexico
Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Case Number 3868 before the New Mexico
Oil Conservation Commission

Dear Pete:

Thank you for your kind response of September 19, 1968 in reply to my request for a delay in the decision of the above captioned case that was heard before an Oil Conservation Commission Examiner on September 25, 1968.

Unfortunately, I was in Europe at the time your letter arrived, so it was not possible for me to contact TEXACO and again ask for a period of time in which to evaluate the information that they would place before the Examiner.

I had hoped that my letter of September 17th to you would have allowed the Examiner to stipulate a fixed time for me to evaluate the information that would be made public by TEXACO.

If it is at all possible, I respectfully request a copy of the Commission's record in Case No. 3868 and a time period to evaluate it before the Examiner makes his ruling in this case.

With kindest personal regards, I remain,

Very truly yours,

ELK OIL COMPANY


John M. Kelly
Consultant

JMK:sl

ELK OIL COMPANY
Box 310
Roswell, New Mexico

October 4, 1968

Mr. J. H. Markley
Division Manager
TEXACO INC.
Midland Savings Bank
Midland, Texas 79701

Re: Case Number 3868 before the New Mexico
Oil Conservation Commission

Dear Mr. Markley:

On September 17th, we wrote you concerning the above captioned case that was to be heard by the New Mexico Oil Conservation Commission on September 25th.

I am enclosing a copy of the reply that I received from the Oil Conservation Commission in response to my request for a time period in order to have the opportunity to evaluate the information that TEXACO would present to the New Mexico Oil Conservation Commission in support of their petition.

I have not heard from TEXACO; and this letter is to again request a copy of the geological and engineering data that you presented to the New Mexico Oil Conservation Commission.

I wish to assure you that as soon as the data is received, it will be immediately evaluated and our response to the Commission will be made within 30 days after receipt of this data.

Sincerely yours,

ELK OIL COMPANY

John M. Kelly
Consultant

JMK:sl
Encl.

cc: New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

September 19, 1968

C
O
P
Y

AIR MAIL

Mr. John M. Kelly
Elk Oil Company
Post Office Box 310
Roswell, New Mexico 88201

Dear John:

With regard to your letter of September 17, 1968, requesting a delay in the decision in Case No. 3868, I would suggest that you contact Texaco Inc. concerning a possible continuance of the case or a stipulation in the record at the hearing that you should be given some fixed period of time in which to file your information after having the opportunity to evaluate the information supplied by Texaco.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

cc: Mr. J. H. Markley
Texaco Inc.
Midland, Texas

ELK OIL COMPANY

POST OFFICE BOX 310
ROSWELL, NEW MEXICO 88201

September 17, 1968

Mr. A.L. Porter
Secretary and State Geologist
New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico 87501

Re: Case Number 3868 before the New Mexico
Oil Conservation Commission.

Dear Mr. Porter:

With reference to the above captioned case in which TEXACO INC. requests permission to inject water into its "BV" State (NCT-1) Well No. 5 located in Unit M of Section 26, Township 13 South, Range 33 East, Lea County, New Mexico. ELK Oil Company is owner of State Oil and Gas Leases underlying all of Section 27, Township 13 South, Range 33 East.

We have written to TEXACO, copy enclosed, and requested their engineering and geological data for our evaluation.

This is to request that no decision be made in granting the TEXACO application under case 3868 until we have had the opportunity of evaluating the information that TEXACO, must of necessity, present to the New Mexico Oil Conservation Commission.

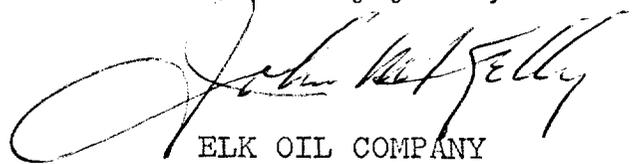
I will be unable to attend the September 25, 1968 examiner hearing by reason that I have been asked to serve as an advisor to the US Delegate to the OECD Oil Committee meeting being held in Paris, France from September 23 to 26.

If my request for a delay in the decision is

Mr. A.L. Porter
page - 2

granted, I will make a thorough and immediate examination of TEXACO's data and will notify the New Mexico Oil Conservation Commission within 30 days as to ELK's position in this case.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "John M. Kelly". The signature is written in dark ink and is positioned above the typed name and title.

ELK OIL COMPANY
by John M. Kelly
Consultant

cc. Mr. J. H. Markley
TEXACO INC
Midland, Texas

JMK/pk

encl.

ELK OIL COMPANY
Box 310
Roswell, New Mexico

September 17, 1968

Mr. J. H. Markley
Division Manager
TEXACO INC.
Midland Savings Bank
Midland, Texas 79701

Re: Case Number 3868 before the New Mexico
Oil Conservation Commission.

Dear Mr. Markley:

With reference to the above captioned case in which TEXACO asked for permission to inject water into its "BV" State (NCT-1) Well No. 5 located in Unit M of Section 26, Township 13 South, Range 33 East, Lea County, New Mexico.

ELK Oil Company is the owner of State of New Mexico Oil and Gas Leases underlying all of Section 27, Township 13 South, Range 33 East.

I would appreciate receiving from TEXACO a copy of the geological and engineering data that you will present to the New Mexico Oil Conservation Commission when case 3868 is heard. We hope that this data will show that the reservoir underlying Section 27 will not be damaged, nor that we will be precluded from producing the oil that underlies Section 27 by reason of your injecting water in a well that is located only 660 feet from our lease boundary line.

Your courtesy in furnishing this information will be appreciated.

Sincerely yours,

ELK OIL COMPANY
by John M. Kelly
Consultant

cc. New Mexico Oil Conservation
Commission
Santa Fe, New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

October 2, 1968

Mr. Booker Kelly
White, Gilbert, Koch & Kelly
Attorneys at Law
Post Office Box 787
Santa Fe, New Mexico

Dear Sir:

Enclosed herewith is Commission Order No. R-3514, entered in Case No. 3868, approving the expansion of Texaco's Lazy J-Pennsylvanian Water-flood Project.

Additional injection is to be through the one newly authorized water injection well, which shall be equipped with internally plastic-coated tubing set in a packer at approximately 9600 feet. The casing-tubing annulus shall be loaded with an inhibited fluid and equipped with a pressure gauge at the surface to facilitate detection of leakage in the casing, tubing, or packer.

As to allowable, our calculations indicate that when all of the authorized injection wells have been placed on active injection, the maximum allowable which this project as expanded will be eligible to receive under the provisions of Rule 701-E-3 is 634 barrels per day when the Southeast New Mexico normal unit allowable is 42 barrels per day or less.

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

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

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**Mr. Booker Kelly
White, Gilbert, Koch & Kelly
Attorneys at Law
Santa Fe, New Mexico**

**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**

**ALP/DSN/ir
Enclosure**

**cc: Oil Conservation Commission, Hobbs, New Mexico
Mr. D. E. Gray, State Engineer Office, Santa Fe, New Mexico**

Case file

November 22, 1968

NOV 26 AM 8 12

OIL CONSERVATION COMMISSION
CASE NO. 3868
LAZY "J" (PENNSYLVANIAN) OIL POOL
LEA COUNTY, NEW MEXICO

Elk Oil Company
P. O. Box 310
Roswell, New Mexico 88201

Gentlemen:

This will acknowledge your letter of November 14, 1968 under the above subject expressing your amazement concerning the proceedings relative to Texaco Inc. obtaining authority from the Oil Conservation Commission of New Mexico to inject salt water into the New Mexico "BV" State NCT-1 Well No. 5.

You may recall that this recent authorization constituted approval for the expansion of an existing waterflood project. Both the original authority and the approval for expansion were obtained through due process in accordance with established approved procedures including notice of hearing to permit any interested party to arrange for representation at the hearings. We did furnish you the information you requested and as pointed out in Mr. Porter's letter to you of October 7, you had thirty days to evaluate your situation and if you felt that you had been adversely affected, ask that the matter be heard de novo. Even though the thirty days has expired we would have no objection to your requesting a new hearing even at this late date.

With regard to the drilling venture that you described in your above subject letter, we sincerely wish you every success in completing a profitable well, however, we can see no possibility of the tests that you propose in the subject well reflecting in any way the waterflooding operation on Texaco's adjoining lease.

Thank you for keeping us advised of your operations. If we can be of any further service to you, please advise.

Yours very truly,

Darrell Smith

By _____
V. F. Dullnig
Assistant Division Manager

CLW/pw

cc: Mr. A. L. Porter, Jr.

ELK OIL COMPANY

POST OFFICE BOX 310
ROSWELL, NEW MEXICO 88201

November 14, 1968

Mr. A. L. Porter, Jr.
Secretary-Director
State of New Mexico
OIL CONSERVATION COMMISSION
P.O. Box 2088
Santa Fe, New Mexico 87501

*gsm
file
case 3868*

Re: OIL CONSERVATION COMMISSION
CASE NO. 3868

LAZY "J" (PENNSYLVANIAN) OIL POOL
LEA COUNTY, NEW MEXICO

Dear Pete:

With further reference to Case 3868, I wish to thank you for forwarding to me a copy of the transcript of the hearing held on September 25, 1968.

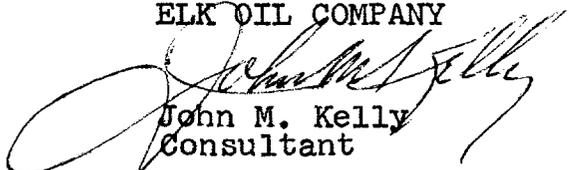
As I mentioned to you on the telephone, I was rather surprised that the Commission issued an order immediately after hearing the case, when I had a letter on file asking for consideration. I also informed you that upon my return to New Mexico, I found that TEXACO had immediately started injecting salt water into the formation. This water, I understand, is being obtained from a lease not owned by TEXACO.

I also stated that in order for ELK to actually know whether or not their acreage in Section 27 could be damaged by this TEXACO application for a so-called Water Flood Project, ELK commenced the drilling of a 9800' well 660' from the South and East lines of Section 27. We hope to be able to test the LAZY "J" pay in this well in about 30 days. After testing and evaluating the information, ELK then will recontact the Commission; and if the TEXACO Project is damaging or could damage the reserves under their acreage, ELK will then ask for a re-hearing and cancellation of the permit issued to TEXACO.

We are returning the transcript with this letter and we are sending a copy of this letter to TEXACO. With kindest personal regards, I remain,

Very truly yours,

ELK OIL COMPANY


John M. Kelly
Consultant

cc: V. F. Dullnig
TEXACO, Midland, Texas

ELK OIL COMPANY
Box 310
Roswell, New Mexico

November 14, 1968

Mr. V. F. Dullnig
Assistant Division Manager
TEXACO INC.
P.O. BOX 3109
Midland, Texas 79701

Re: OIL CONSERVATION COMMISSION
CASE NO. 3868
LAZY "J" (PENNSYLVANIAN) OIL POOL
LEA COUNTY, NEW MEXICO

Dear Mr. Dullnig:

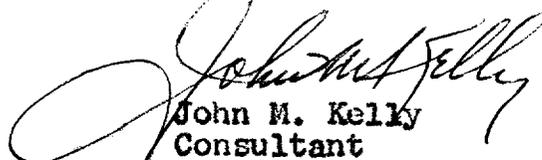
With reference to the above captioned case, I received your letter dated October 4th, but mailed October 8th, in which you gave me a Field Map and Radioactive Log, etc.. Thank you for sending this information for my study.

I was rather amazed that TEXACO did not contact me after ELK sent their first letter to Mr. Markley which was dated September 17, 1968, and was before the case was heard on September 25, 1968 by the Oil Conservation Commission. I was also amazed that TEXACO's Representative in Santa Fe informed the Commission that as of the evening before the hearing they had not had further word from me. I would like to point out that you did not give me the courtesy of a reply to my letter of September 17th, until October 8th.

In order to adequately determine whether damage has been caused or could be caused to the reservoir underlying our acreage in Section 27, we have commenced the drilling of a 9800' well, located 660' from the South and East lines of Section 27. After we have evaluated the information obtained from this well, we will contact you.

Very truly yours,

ELK OIL COMPANY


John M. Kelly
Consultant

JMK:sl

cc: ✓ A. L. Porter, Jr.
Santa Fe, New Mexico



PETROLEUM PRODUCTS

PRODUCING DEPARTMENT - UNITED STATES
MIDLAND DIVISION

TEXACO INC.
P. O. BOX 3109
MIDLAND, TEXAS 79701

October 4, 1968

OIL CONSERVATION COMMISSION
CASE NO. 3868
LAZY "J" (PENNSYLVANIAN) OIL POOL
LEA COUNTY, NEW MEXICO

Elk Oil Company
P. O. Box 310
Roswell, New Mexico 88201

Attn: Mr. John M. Kelly

Gentlemen:

Reference is made to your letters dated September 17, 1968 to Texaco Inc. and to the New Mexico Oil Conservation Commission and the Commission's letter to you dated September 19, 1968. For your information we are sending you a copy of each exhibit presented to the New Mexico Oil Conservation Commission at the hearing in Santa Fe, New Mexico, September 25, 1968, concerning the application of Texaco Inc. to expand the State "BV" NCT-1 Waterflood Project in Section 26, T-13-S, R-33-E, in the Lazy "J" (Pennsylvanian) Oil Pool.

- (1) Field map,
- (2) Production performance curves,
- (3) Sketch of subsurface installation in proposed injection well,
- (4) Radioactivity log of proposed injection well.

Yours very truly,

(Signature)

V. F. Dullnig
Assistant Division Manager

CLW:jl

cc: Mr. A. L. Porter, Jr. ✓
Box 2088
Santa Fe, New Mexico

Mr. J. D. Ramey
Box 1980
Hobbs, New Mexico

Copy of Mr. Porter's letter to me re (1968)
Should be made of same.



PETROLEUM PRODUCTS

PRODUCING DEPARTMENT - UNITED STATES
MIDLAND DIVISION

September 3, 1968

TEXACO INC.
P. O. BOX 3109
MIDLAND, TEXAS 79701

Case 3868

WATERFLOOD EXPANSION
LAZY J (PENNSYLVANIAN) POOL
LEA COUNTY, NEW MEXICO

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Attn: Mr. A. L. Porter, Jr.

Gentlemen:

Subsequent to the hearing of Case 3590 May 24, 1967, the Oil Conservation Commission of the State of New Mexico issued Order No. 3253 June 5, 1967 authorizing Texaco Inc. to institute a pilot waterflood project in the Lazy J (Pennsylvanian) Pool by the injection of water into the Pennsylvanian formation in the interval from 9612' to 9800' in its State "BV" Well No. 1 located in Unit E of Section 26, T-13-S, R-33-E, NMPM, Lea County, New Mexico. The project area was designated to include Units E, K and L of said Section 26. It is respectfully requested that Texaco Inc. be authorized administratively to expand this waterflood project by adding Units M and N of said Section 26 and converting Well No. 5 located in Unit M to water injection service. If this application does not qualify for administrative approval, it is requested that an examiner hearing be scheduled on the next available docket, September 25, 1968 in Santa Fe, New Mexico.

In compliance with Rule 701 a plat is attached showing the project area and all wells and operations in the area. This plat and the attached list show all operators in the field and offset operators. The offset operators are being furnished a copy of this application. In further compliance with Rule 701 a radioactive well log of the proposed additional injection well is attached with the proposed injection interval indicated at a depth of 9620' to 9810'. A sketch is also included showing the casing and proposed tubing and packer installation.

It is proposed to inject fluid down the 2-7/8" OD plastic-coated tubing. The injection fluid will be produced water from Texaco and Skelly operated wells in the Lazy J (Pennsylvanian) Pool.

DOCKET MAILED

Date 9-13-68

Initial injection into the proposed additional injection well will be approximately 200 barrels water per day on a vacuum. It is desirable to expand the current project to include an additional injection well since injection pressure in the original well has been increasing and additional injection fluid has become available. Furthermore, the additional injection well will be on pattern with the original injection well and should result in a more efficient sweep of the producing reservoir.

Yours very truly,



C. L. Whigham
Division Proration Engineer

CLW:jl
Attachments
cc: Offset Operators

Page 3868

Operators Mailing List
Lazy J. Pennsylvanian Pool
Lea County, New Mexico

Coastal States Gas Producing co.
P.O. Box 235
Midland, Texas 79701

*R. E. Geror
1846 Last Broadway
Tucson, Arizona 85719

* C. B. Gillespie, Jr.
Wilkinson-Foster Bldg.
Midland, Texas 79701

Greyhound Leasing & Financial Corp.
1610 Fidelity Union Tower
Dallas, Texas

Hanagan Petroleum Corp.
Box 1737
Roswell, N. M.

H. S. Moss
1503 1st. National Bank Bldg.
Dallas, Texas

McGrath & Smith, Inc.
Vaughn Bldg.
Midland, Texas 79701

Sinclair Oil & Gas Co
P.O. Box 1470
Midland, Texas 79701

Skelly Oil Co.
P.O. Box 730
Hobbs, N. M. 88240

Texaco Inc.
P.O. Box 3109
Midland, Texas 79701

* Texas Crude Oil Co.
205 V & J Tower
Midland, Texas 79701

Texas Pacific Oil Co.
P.O. Box 747
Dallas, Texas 75221

Trice Production Co.
3609 Sinclair
Midland, Texas 79701

Western Oil Producers, Inc.
Box 2055
Hobbs, N. M. 88240

* Offsets Texaco's New Mexico "BV" State NCT-1 Lease