

A. J. LOSEE
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AREA CODE 505
746-3508

28 March 1972

Case 4766

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

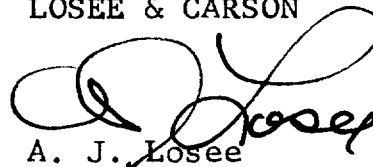
Dear Mr. Porter:

Enclosed please find application in triplicate of Penasco Corporation for a waterflood project in the Shugart Queen Oil Pool, Eddy County, New Mexico.

I understand that the next examiner hearing will be on May 5, 1972, and that this case will be set for hearing on that date.

Very truly yours,

LOSEE & CARSON


A. J. Losee

AJL/gmr

Enc.

cc: Penasco Corporation
w/enclosure

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RECEIVED
JUN 1972
OIL CONSERVATION COMMISSION

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF PENASCO CORPORATION FOR A
WATERFLOOD PROJECT, SHUGART QUEEN
POOL, EDDY COUNTY, NEW MEXICO.

Case 4700

APPLICATION

COMES PENASCO CORPORATION, by its attorneys, Losee & Carson, and states:

1. Applicant, pursuant to the terms of the Penasco Shugart Queen Sand Unit Agreement and Unit Operating Agreement, is designated as operator of the Queen Sand comprising the project area covered by this application and underlying the following lands in Eddy County, New Mexico:

Township 18 South, Range 31 East, N.M.P.M.

Section 8: S/2 SE/4
Section 9: S/2 SW/4
Section 16: N/2 NW/4, SW/4 NW/4
Section 17: NE/4, E/2 NW/4

containing 520 acres, more or less.

2. There is attached hereto and by reference made a part hereof a plat showing the location of the proposed injection wells and the location of all other wells and lessees adjoining the proposed project area.

3. Applicant proposes to inject water into the Queen Sand through four injection wells described as follows:

Township 18 South, Range 31 East, N.M.P.M.

Ginsberg "A" Well No. 1, Unit O, Section 8
Erwin Well No. 2, Unit N, Section 9
Magnolia State Well No. 1, Unit E, Section 16
Ginsberg Well No. 2, Unit G, Section 17

4. That all of the wells in the project area are in advanced state of depletion and should be classified as "stripper" wells.

5. There is attached hereto and by reference made a part hereof a diagramatic sketch of each proposed completed injection well.

6. There is attached hereto and by reference made a part hereof copies of a portion of the only available logs on the proposed injection wells, namely the Magnolia State Well No. 1 and the Ginsberg Well No. 1.

7. Applicant proposes to conduct this waterflood project under the allowable provisions of Rule 701 of the Commission.

8. Applicant may need to place additional wells in the project area on injection and a procedure should be authorized for administrative approval of any such wells.

9. The proposed waterflood project will prevent waste in that it will result in the recovery of oil that would not otherwise be recovered in the project area and correlative rights will be protected.

WHEREFORE, Applicant prays:

A. That this matter be set for hearing before an examiner duly appointed by the Commission and that due public notice be given as required by law.

B. That an order be entered authorizing the institution of the aforesaid waterflood project in the Shugart Queen Pool, establishing a procedure for administrative approval for the conversion to injection of additional wells within the


project area.

C. For such other relief as may be just in the premises.

DATED this 28 day of March, 1972.

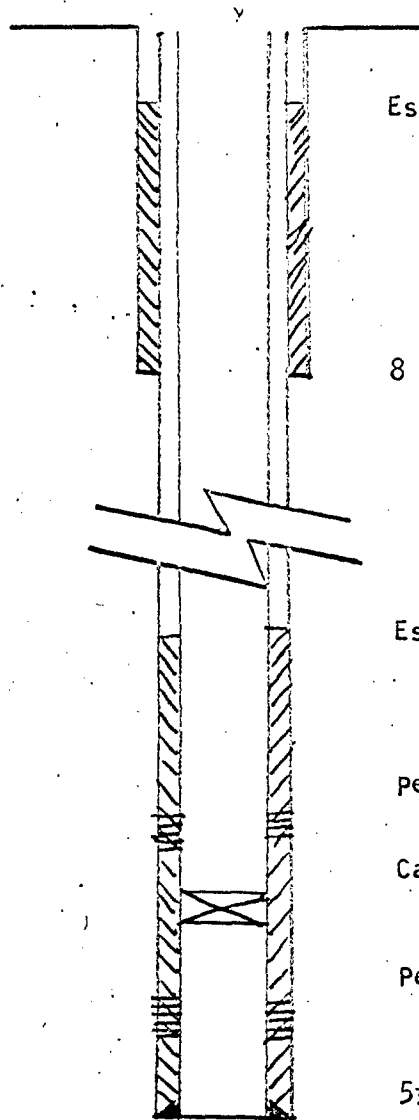
PENASCO CORPORATION

By

A handwritten signature in cursive script, appearing to read "Josee", written over a horizontal line.

Losee & Carson
P. O. Drawer 239
Artesia, New Mexico 88210

PENASCO
Ginsberg "A" No. 1
330 FSL & 1650 FEL Section 8-18S-31E
G.L. Elev. 3675



Estimated top of cement 308'

8 5/8" @ 756' with 50 sacks

Estimated top of cement-2727'

Perforated 3139-49

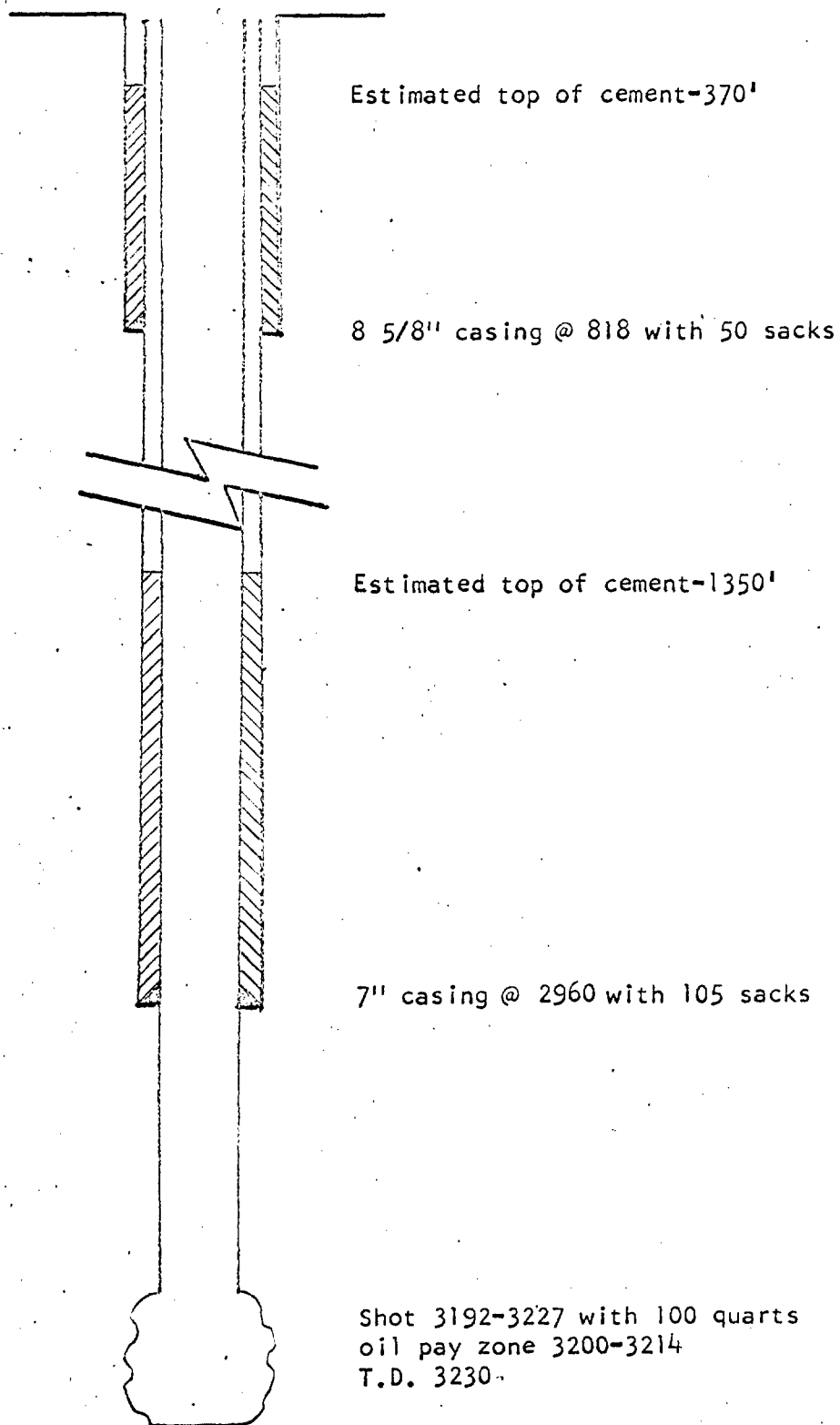
Cast iron plug to be set at 3300'

Perforated 3353-73

5 1/2" 14# casing 3406 with 100 sacks

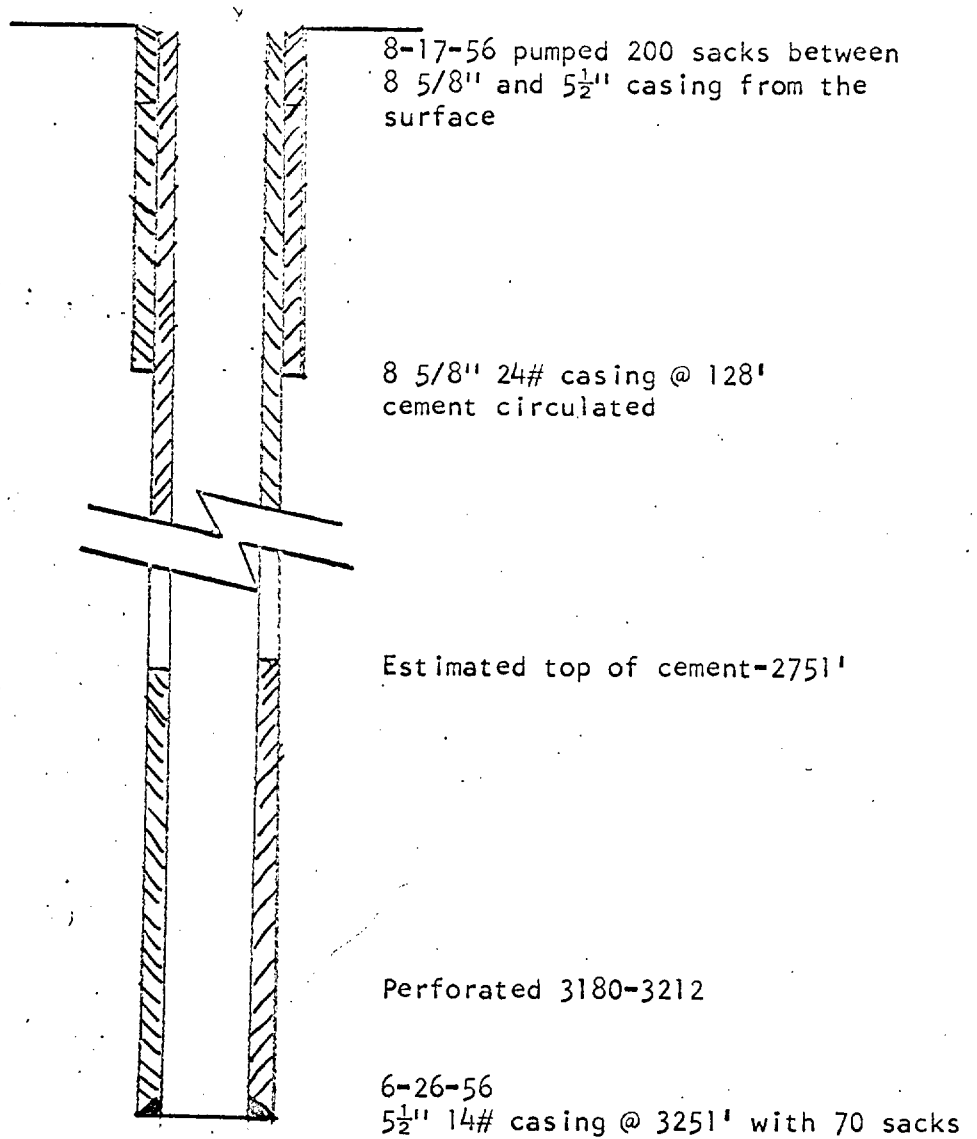
Case 4700

PENASCO
ERWIN No. 2
330 FSL & 1980' FWL Section 9-18S-31E
G.L. elev. 3684



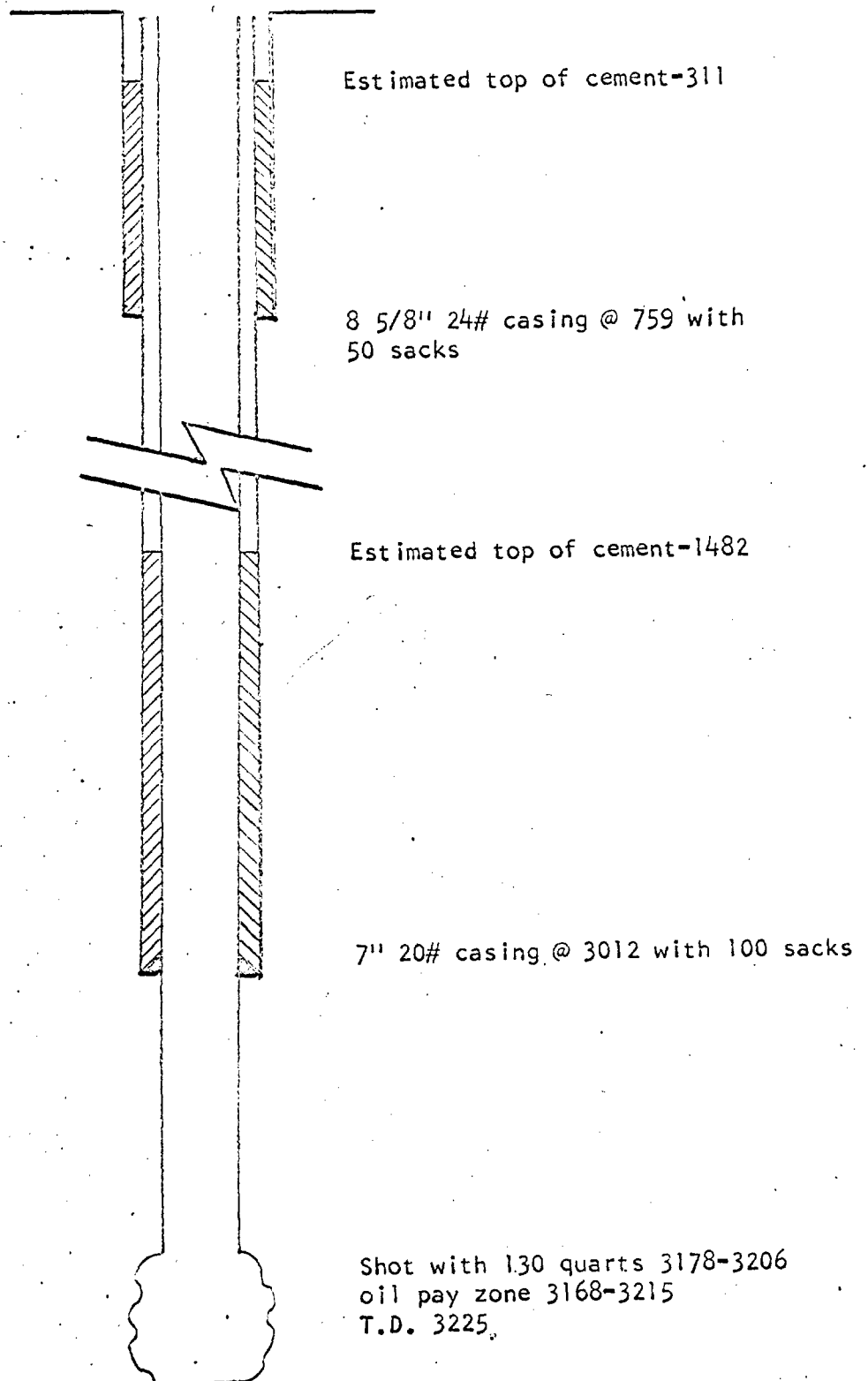
Case 4700

PENASCO
Magnolia State No. 1
660 FWL & 1980 FNL Section 16-18S-31E
G.L. Elev. 3671



Case 4760

APCO
Ginsberg No. 2
1980' FNL & 1980 FEL Section 2-18S-31E

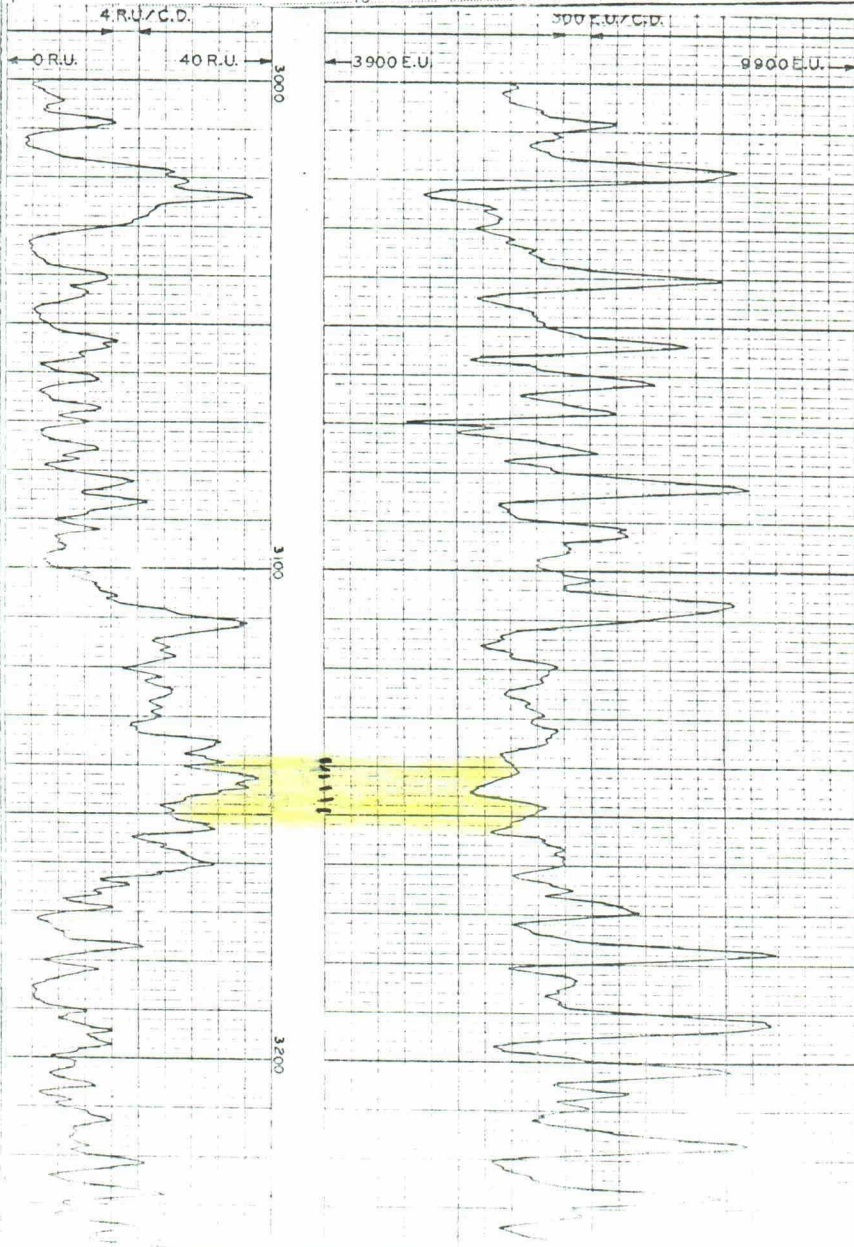


COMPANY: R. D. COLLIER
PEN 4500
 WELL: GINSBERG NO. 1
 FIELD: NORTH SHUGART
 LOCATION: 330' FSL & 1650' FSL OF SEC. 8, T-18-S, R-31-E
 COUNTY: EDY STATE: N.MEX.

LOG ZERO: CABLE TOOL FLOOR ELEV. 3674.5
 DRUG. ZERO: CABLE TOOL FLOOR ELEV. 3674.5
 PERM. DATUM: C. T. F. IS 1.5' ABOVE G. L. ELEV. 3673

TYPE OF LOG	GAMMA RAY	N/NEUTRON
RUN NO.	ONE-1M	ONE-1M
DATE	12-1-57	12-1-57
TOTAL DEPTH (DRILLER) S. L.	3406	3406
EFFECTIVE DEPTH (DRILLER)	3406	3406
TOP OF LOGGED INTERVAL	SURFACE	SURFACE
BOTTOM OF LOGGED INTERVAL	3388	3400
TYPE OF FLUID IN HOLE	DRY	DRY
FLUID LEVEL	3326	3326
MAXIMUM RECORDED TEMP.		
SOURCE STRENGTH & TYPE		SI 0.3
SOURCE SPACING - IN.		13.5
DETECTOR CLASS	SCINT.	SCINT.
DETECTOR TYPE	DIOD	DIOD
LENGTH OF MEAS. DEVICE - IN.	4	4
O.D. OF INSTRUMENT - IN.	3 5/8	3 5/8
TIME CONSTANT - SECONDS	2.0-0.2	2.0-0.2
LOGGING SPEED FT./MIN.	30-60	30-60
STATISTICAL VARIATION - IN.	RECORDED	RECORDED
SENSITIVITY REFERENCE	271.110	D368
RECORDED BY	SUTTON & GRIKOVIC	
WITNESSED BY	COLLIER	COLLIER

WELL RECORD				FROM LOG	
RUN	BIT SIZE	CASING WT.-LB.	FROM WELL RECORD		
ONE	8 5/8		SURFACE TO 756	SURFACE TO	763
ONE	8		756 TO 3406	763 TO	3406
			TO	TO	TO
			TO	TO	TO



Core 4700



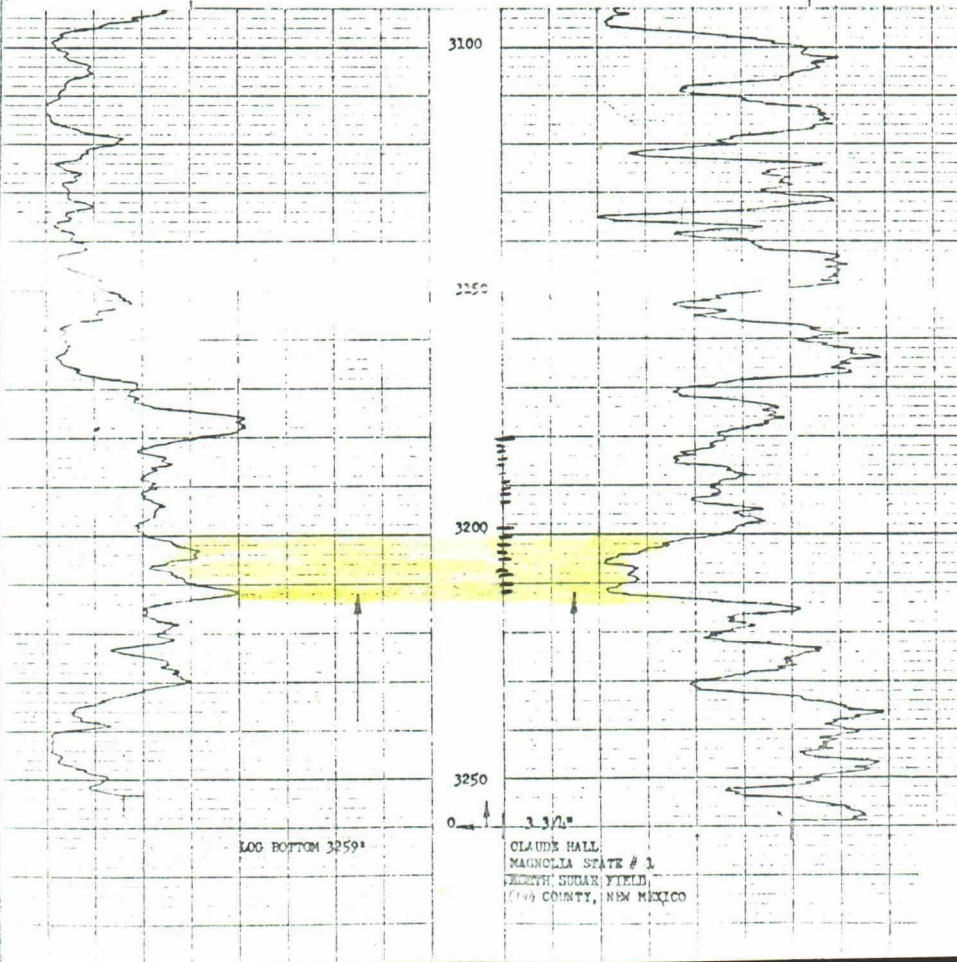
McCULLOUGH

TOOL COMPANY

RADIATION LOG



Location of Well SW-NE-SEC. 16- 18S-31E ELEV: G.L. 3663'	COMPANY <u>CLAUDE HALL</u> PENASCO WELL <u>MAGNOLIA STATE # 1</u> FIELD <u>NORTH SUGAR</u> COUNTY <u>ERRY</u> STATE <u>NEW MEXICO</u> LOCATION _____	COMPANY <u>CLAUDE HALL</u> WELL <u>MAGNOLIA STATE # 1</u> FIELD <u>NORTH SUGAR</u> COUNTY <u>ERRY</u> STATE <u>NEW MEX.</u> LOCATION _____
Log Meas. From <u>ROTARY TABLE</u> Elev. _____	Drig. Meas. From <u>SAME</u> Elev. _____	Perm. Datum <u>K.B. (P. 5' ABOVE G. L.)</u> Elev. _____
Rec. Trk. No. <u>1180</u> Trk. No. <u>104</u> Trk. Oper. <u>TEAGUE</u> Log Ticket No. <u>10000</u>	Date <u>5-18-56</u> Maximum Recorded Temp. _____	Total Depth (Driller) <u>3261'</u> Effective Depth (McCulloough) <u>3261'</u>
Type of Fluid in Hole <u>MUD</u> Fluid Level <u>FULL</u>	O.D. of Instrument <u>3.5"</u> Length of Device—Overall <u>11'</u>	Neutron Source # <u>N-174</u> Spacing <u>19.5"-2.5</u> Setting _____
Recorded By <u>KREST</u>	Witnessed By <u>MR. HALL</u>	
Type of Log <u>GAMMA RAY</u>	<u>GAMMA RAY</u>	<u>NEUTRON</u>
Run No. <u>ONE-5"</u>	<u>ONE-5"</u>	<u>NEUTRON</u>
Top of Logged Interval <u>1800'</u>	<u>1800'</u>	<u>1800'</u>
Bottom of Logged Interval <u>3261'</u>	<u>3261'</u>	<u>3261'</u>
Time Constant <u>3.25S-110-340CTS. (G-3)</u>	<u>3.5-135-500CTS. (G-3)</u>	
Logging Speed Ft./Min. <u>28</u>	<u>28</u>	
Statistical Variation _____		
Sensitivity—Micro-Roentgens Per Hr. Per. Inch <u>2.72</u>		
CASING RECORD (Customers)		
Run No.	Size—In.	Wt.—Lb.
1	8 5/8	24
2		
3		
4		
5		
OPEN (BORE) HOLE RECORD		
Run No.	Bit Size	Interval
1	11	0' to 175'
2	7 7/8	175' to 3261'
3		
4		
5		
REMARKS OR OTHER DATA		



Case 4700

DOCKET: EXAMINER HEARING - FRIDAY - MAY 5, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 4689: (Continued from the April 5, 1972, Examiner Hearing)

Application of Petroleum Corporation of Texas for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose into unlined surface pits water produced by its Dexter Federal Well No. 15 located in Unit J of Section 15, and all of its wells located or to be located in the NW/4 of Section 20, Township 17 South, Range 30 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

CASE 4697: Application of Texaco Inc. for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (tubingless) of its V. M. Henderson Well No. 9 located in Unit G of Section 30, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Paddock and Tubb Pools through parallel strings of casing, cemented in a common well-bore.

CASE 4698: Application of David Fasken for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of his Arco "9" Morrison Well No. 1 located in Unit B of Section 9, Township 19 South, Range 25 East, Eddy County, New Mexico, in such a manner as to produce gas from an undesignated Cisco gas pool through tubing and gas from the Boyd-Morrow Gas Pool through the casing-tubing annulus.

CASE 4711: Application of Shell Oil Company for commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle North Vacuum Abo production from its State VB Com Well No. 1 located in Unit B of Section 19, Township 17 South, Range 35 East, Lea County, New Mexico, and from its State K Lease comprising the SE/4 of said Section 19 after separately metering the State VB Com production and determining the State K production by means of the subtraction method.

CASE 4699: Application of Penasco Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Penasco Shugart Queen Sand Unit Area comprising 520 acres, more or less, of Federal and State lands in Sections 8, 9, 16, and 17, Township 18 South, Range 31 East, Shugart Pool, Eddy County, New Mexico.

- CASE 4700: Application of Penasco Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Penasco Shugart Queen Sand Unit Area, Shugart Pool, by the injection of water into the Queen formation through four wells located in Sections 8, 9, 16, and 17, Township 18 South, Range 31 East, Eddy County, New Mexico. Applicant further seeks a procedure whereby additional injection wells within the unit area may be approved administratively.
- CASE 4701: Application of Wynn Oil Company for an unorthodox location and a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion of its Largo Federal Well No. 2 to produce gas from the Blanco-Mesaverde and Basin-Dakota Pools at an unorthodox location for the Blanco-Mesaverde Pool 1500 feet from the South line and 1100 feet from the East line of Section 13, Township 27 North, Range 8 West, San Juan County, New Mexico.
- CASE 4702: Application of Penroc Oil Corporation for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of the special rules and regulations for the Hobbs-Drinkard Pool, Lea County, New Mexico, to provide for a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil for said pool.
- CASE 4703: Application of Continental Oil Company for special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, including provisions defining a gas well in the pool as one producing with a gas-liquid ratio of 30,000 cubic feet of gas per barrel of oil or one which produces oil with a gravity of 60° API or greater, a gas-oil ratio limitation for oil wells of 10,000 cubic feet of gas per barrel of oil, and 160-acre spacing units for both oil and gas wells.
- CASE 4709: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Eumont Gas Pool and the Penrose Skelly Oil Pool in the wellbore of its Lockhart A-17 Well No. 1 located in Unit L of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 4710: Application of Hanson Oil Corporation for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose into unlined surface pits water produced by 22 wells located

(Case 4710 continued)

or to be located in Sections 24, 25, 26, 34, and 35, Township 18 South, Range 30 East, Shugart Pool, Eddy County, New Mexico.

- CASE 4704: Application of Atlantic Richfield Company for rededication of acreage, Lea County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-1932 to permit the 240-acre non-standard gas proration unit comprising the NE/4 NE/4 of Section 33 and the NW/4 and NW/4 NE/4 of Section 34, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, established by said order to be dedicated simultaneously to its J. H. Williams "Com" Well No. 3 and its J. H. Williams Well No. 5 located, respectively, in Units E and F of said Section 34.
- CASE 4705: Application of Atlantic Richfield Company for waterflood projects, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to institute three waterflood projects on its leases in Sections 19 and 30, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Eddy County, New Mexico, by the injection of water into the Grayburg formation through five wells located in said Sections 19 and 30.
- CASE 4706: Application of Kennedy Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Grayburg-Jackson Pool by the injection of water into the Grayburg formation through its State "B" Well No. 1 located in the NW/4 SW/4 of Section 19, Township 17 South, Range 31 East, Eddy County, New Mexico.
- CASE 4708: Application of Jake L. Hamon for salt water disposal, Lea County, New Mexico. Applicant- in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian and Devonian formations in perforated and open-hole interval from 10,492 feet to 13,100 feet in his State B-2330 Well No. 1 located in Unit C of Section 31, Township 16 South, Range 36 East, East Shoebar-Devonian Field, Lea County, New Mexico.
- CASE 4707: Application of Blackrock Oil Company for a dual completion, salt water disposal, and unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Bates McIntyre Federal Well No. 1 at an unorthodox location 1980 feet from the North line and 660 feet from the East line of Section 9, Township 6 South, Range 27 East, Chaves County, New Mexico, in such a manner as to produce gas from the Haystack Cisco Gas Pool through tubing and to dispose of salt water down the casing-tubing annulus into the San Andres and other formations in the open-hole interval from 1186 feet to 4389 feet, the N/2 of said Section 9 would be dedicated to the well.