

**CASE 3061: Appl. of CONTINENTAL
FOR A WATERFLOOD PROJECT, LEA
COUNTY, NEW MEXICO.**

CASE No.

5061

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
September 5, 1973

EXAMINER HEARING

IN THE MATTER OF:) Case No. 5061
The Application of Continental Oil)
Company for a waterflood project,)
Lea County, New Mexico)

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

1 MR. UTZ: Call Case 5061.

2 MR. CARR: Case 5061, Application of Continental
3 Oil Company for a waterflood project, Lea County, New Mexico.

4 MR. KELLAHIN: Tom Kellahin of Kellahin & Fox,
5 Santa Fe, New Mexico, appearing on behalf of the Applicant
6 Continental Oil Company, and I have one witness who has been
7 previously sworn.

8 MR. UTZ: Let the record show that this witness has
9 been sworn in the previous case.

10 MR. KELLAHIN: May the record also reflect that he
11 has been previously qualified as an expert, Mr. Examiner?

12 MR. UTZ: It will so show. You may proceed.

13 VICTOR T. LYON,
14 was called as a witness and after being duly sworn, testified
15 as follows:

16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Mr. Lyon, will you please state briefly what the
19 applicant seeks by this Application in Case 5061?

20 A Case 5061 is the Application of Continental Oil Company
21 for authority to conduct a waterflood operation in the
22 Penrose-Skelly Pool on its Elliott A-15 lease located
23 in Section 15, Township 22 South, Ranch 37 East, Lea
24 County, New Mexico.

25 Q Will you please refer to what has been marked as

1 Applicant's Exhibit No. 1, identify it, and explain
2 what information it contains?

3 A Exhibit No. 1 is a plat showing the location of the
4 Elliott A-15 lease outlined in red, and consisting of
5 the south half of the southeast quarter, Section 15,
6 and showing the location of the properties and the wells
7 located thereon in an area at least two miles in each
8 direction from our lease.

9 You will note the dashed line to the south and
10 also to the east of the Elliott A-15 lease, which is the
11 boundary of the Anadarko-operated Langlie Mattix Penrose
12 sand unit. There is a waterflood project presently under-
13 way in that unit, and this waterflood project, our
14 Application, is intended to supplement and compliment
15 the waterflood in that unit.

16 Q Who operates the waterflood in that unit?

17 A Anadarko Production Company.

18 Q Are there any other waterfloods in the area?

19 A There is a pilot waterflood in the south Penrose-Skelly
20 unit to the north, but this project has been abandoned
21 and there is consideration of terminating that unit.

22 Q Please refer to what has been marked as Applicant's
23 Exhibit No. 2, identify it, and explain what information
24 it contains.

25 A Exhibit No. 2 is a schematic diagram showing the manner

1 in which the Elliott A-15 No. 1, which incidentally is
2 marked by a red triangle on Exhibit 1, will be equipped
3 for injection. We show the size, setting depth, and
4 the amount of cement used in setting the various strings
5 of casing. I see they didn't show the tubing. It does
6 have a remark on here that the 2 and 7/8-inch tubing
7 will be set at 3682.

8 Q Will the annular space between the tubing and casing be
9 filled with an inert fluid?

10 A Yes, it will.

11 Q And will the surface connection on the surface be so
12 arranged that the pressure at the surface will be
13 readily detectable?

14 A Yes.

15 Q And where will you set -- I see the cement-lined tubing
16 will be set on a packer?

17 A Yes, the packer will be set above the liner providing that
18 the liner is not pulled. You will note that there is a
19 5 and 1/2-inch liner set from 3370 to 3556. It is not
20 cemented, and our current plans, according to our production
21 engineering supervisor, just before I left the office,
22 was that they would set the packer above that liner.
23 The tubing will be cement-lined and then, of course, we
24 will fill the annular space with an inert fluid.

25 So their plans at that time were not to pull that liner.

1 MR. UTZ: You don't think he's changed his mind?

2 THE WITNESS: I never know.

3 Q (By Mr. Kellahin) What's the producing interval in this
4 well?

5 A The producing interval in the Penrose-Skelly Pool is the
6 Grayburg formation, and you will note that the area to
7 the south is not Penrose-Skelly, it's Langlie Mattix.
8 This lease is located on the boundary of the Penrose-
9 Skelly Pool and the structure is rising to the north.
10 There is probably an overlap of zones. You see, the
11 Langlie Mattix produces from the Queen and Lower Seven
12 Rivers. There is probably some overlap across this
13 boundary.

14 We have checked our logs on twin wells to this well.
15 There is no log on our proposed injection well. We have
16 correlated logs across this boundary and we find that the
17 injection intervals and producing intervals are the same.
18 We have similar differences of opinion between Anadarko
19 and Continental as to where the top of the Grayburg is.
20 It isn't really that distinct. But, in essence, these
21 wells have been produced for some 30 years, and all we
22 are doing is waterflooding the zones which have been
23 produced for those here.

24 Q Your lease has two Penrose-Skelly wells on it, is that
25 correct?

1 A Yes.

2 Q And they are Wells Nos. 1 and 2?

3 A Yes, 1 and 2.

4 Q And the injection well will be No. 1?

5 A Yes, sir.

6 Q What's the total production for those two wells?

7 A Between the two of them, they have produced 178,115
8 barrels.

9 Q What do you anticipate in the way of secondary recovery
10 through your efforts by waterflooding?

11 A Well, we expect to recover 60 percent of primary production
12 in our secondary operation. The reason that this figure
13 is so low is that there will be no back-up to the north
14 to this waterflood project. The wells to the north are
15 in gas cap, and so we have a three-way push on our
16 producing well, which is No. 2. Therefore, we feel that
17 60 percent is a good estimate of the additional oil to
18 be recovered by secondary operations.

19 Q Will you state again for me the source of the water to
20 be injected?

21 A The water will be furnished by Anadarko from their
22 injection program.

23 Q What volume of water do you intend to inject?

24 A We hope to inject initially up to 500 barrels a day.

25 Q Will this injection be under pressure?

1 A It will be under pressure, probably not initially, but
2 it eventually will be pressured with a maximum of
3 2000 pounds pressure.

4 Q What's your estimated life of your secondary recovery?

5 A Approximately seven to eight years.

6 Q In your opinion, has production from this lease declined
7 to such a point that you would recommend instituting
8 secondary recovery by waterflooding?

9 A Yes, sir, both of these wells have been shut-in for some
10 time.

11 Q And, in your opinion, can this area be successfully and
12 economically waterflooded?

13 A Yes.

14 Q Will this program result in the recovery of oil that
15 would otherwise not be recovered, thereby preventing
16 waste?

17 A Yes, it will.

18 Q And will the proposed waterflooding adversely affect the
19 correlative rights of others?

20 A We believe that correlative rights are being protected
21 under this program.

22 Q Do you have anything else you would like to add to your
23 testimony?

24 A I believe not.

25 MR. KELLAHIN: Mr. Examiner, we move for the

introduction of Applicant's Exhibits 1 and 2.

MR. UTZ: Without objection, Exhibits 1 and 2 will be entered into the record of this case.

CROSS-EXAMINATION

BY MR. UTZ:

Q I notice in Exhibit 2 it shows openhole shot 3500 and 3556; that's in the liner?

A Yes, that's the reason that the liner was placed in the well.

MR. UTZ: Are there other questions of the witness?
(No response.)

MR. UTZ: He may be excused. Are there statements in the case?


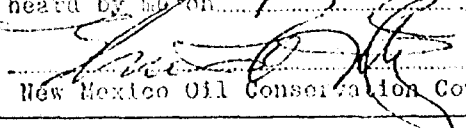
(No response.)

MR. UTZ: The case will be taken under advisement.

-000-

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1	STATE OF NEW MEXICO)
) SS
2	COUNTY OF BERNALILLO)
3	I, JOHN DE LA ROSA, a Court Reporter, in and for the
4	County of Bernalillo, State of New Mexico, do hereby certify
5	that the foregoing and attached Transcript of Hearing before
6	the New Mexico Oil Conservation Commission was reported by
7	me; and that the same is a true and correct record of the
8	said proceedings to the best of my knowledge, skill and
9	ability.
10	
11	 COURT REPORTER
12	
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19	
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22	
23	I do hereby certify that the foregoing is
	a complete record of the proceedings in
	the Examiner's hearing of Case No. 5061.
	heard by me on 9-5-73 19
24	 Examiner
25	New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

September 17, 1973

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 5060 and 5061
ORDER NO. R-4629 and R-4630

Applicant:

Continental Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC _____
Aztec OCC _____

Other State Engineer Office and
R-4629 to Unit Division

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5061
Order No. R-4630

APPLICATION OF CONTINENTAL OIL
COMPANY FOR A WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 5, 1973,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 13th day of September, 1973, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being fully
advised in the premises,

FINDS:

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

(2) That the applicant, Continental Oil Company, seeks
authority to institute a waterflood project in the Penrose-
Skelly Pool, by the injection of water into the Grayburg formation
in its Elliott A-15 Well No. 1 located in Unit P of Section 15,
Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the wells in the project area are in an advanced
state of depletion and should properly be classified as "stripper"
wells.

(4) That the proposed waterflood project should result in
the recovery of otherwise unrecoverable oil, thereby preventing
waste.

(5) That the operator should take all steps necessary to
ensure that the injected water enters only the proposed injection
interval and is not permitted to escape to other formations or
onto the surface from injection, production, or plugged and
abandoned wells.

(6) That the subject application should be approved and
the project should be governed by the provisions of Rules 701,
702, and 703 of the Commission Rules and Regulations.

-2-

Case No. 5061
Order No. R-4630

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to institute a waterflood project in the Penrose-Skelly Pool, Lea County, New Mexico, by the injection of water into the Penrose sand in the open-hole interval from 3411 feet to 3685 feet in its Elliott A-15 Well No. 1 located 330 feet from the South line and 400 feet from the East line of Section 15, Township 22 South, Range 37 East, NMPM.

(2) That injection into said well shall be through cement-lined tubing, set in a packer which shall be located as near as practicable to the casingshoe; that the casing-tubing annulus of the injection well shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

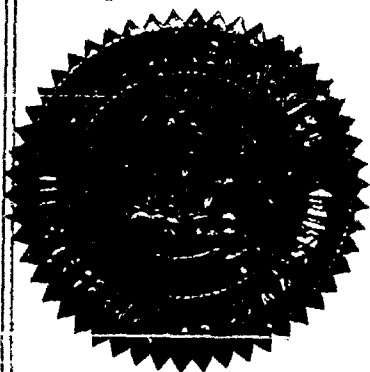
(3) That the operator shall immediately notify the supervisor of the Commission's Hobbs district office of the failure of the tubing or packer in the said injection well, the leakage of water or oil from around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(4) That the subject waterflood project is hereby designated the Continental Penrose-Skelly Elliott A-15 Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(5) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. Trujillo
I. R. TRUJILLO, Chairman

ALIX J. ARMIJO, Member

A. L. Porter, Jr.
A. L. PORTER, JR., Member & Secretary

SEAL

dr/

Case 5061

Grand 9-5-73

Rec. 9-6-73

Grant Cont. as the flood for
the Elliott A-15 #1 P-15-22-37.
The permit is S/2 SE/4-15
~~The~~ above-mentioned injection
well will inject thru 2 7/8
tubing & under a packer set
at approx. 3560' + into
the Grayburg from the
Permian Shelly Pool thru open
hole.

Most of
annulus to be filled w/ inert
fluid & with facilities to
detect pressure at surface

EDR

CASE 5059: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Devonian formation underlying the S/2 of Section 14, Township 20 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard gas well location in Unit K of said Section 14. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5060: Application of Continental Oil Company for a unit agreement and for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North El Mar Unit Area comprising 2361 acres, more or less, of State and Federal lands in Township 26 South, Ranges 32 and 33 East, Lea County, New Mexico. Applicant further seeks authority to expand its El Mar Payne waterflood project within said unit area previously authorized by Order No. R-3540.

CASE 5061: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg formation in its Elliott A-15 Well No. 1 located in Unit P of Section 15, Township 22 South, Range 37 East, Penrose-Skelly Pool, Lea County, New Mexico.

CASE 5062: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation in its Mitchell Wells Nos. 2 and 6 located in Units P and J, respectively, of Section 5, Township 17 South, Range 32 East, Maljamar Pool, Lea County, New Mexico.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 5, 1973

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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1973, from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for October, 1973.
- CASE 5055: Application of Merrion & Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Dakota oil and gas production within the wellbore of the Canada Mesa Well No. 3 located in Unit A of Section 14, Township 24 North, Range 6 West, Basin-Dakota and Devils Fork-Gallup Pools, Rio Arriba County, New Mexico.
- CASE 5056: Application of Depco, Inc. for an unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a proposed gas well at an unorthodox location 990 feet from the North line and 1980 feet from the East line of Section 24, Township 15 South, Range 27 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.
- CASE 5057: Application of Coquina Oil Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a proposed gas well at an unorthodox location 660 feet from the South and East lines of Section 12, Township 18 South, Range 25 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, the S/2 of Section 12 to be dedicated to the well.
- CASE 5058: Application of Corinne Grace for a dual completion and unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of her Gradonoco Well No. 1 located in Section 2, Township 23 South, Range 26 East, Eddy County, New Mexico, in such a manner as to produce gas from an undesignated Wolfcamp pool and from the South Carlsbad-Morrow Gas Pool through tubing and the tubing-casing annulus, respectively, by a means of a cross-over assembly. Applicant further seeks approval of the unorthodox location of said well in the Wolfcamp formation at a point 2500 feet from the North line and 330 feet from the East line of said Section 2, which location has previously been approved for the Morrow formation.

ELLIOTT A-15 NO. 1

Unit P - 330' FSL & 400' ~~FEL~~ FEL
SEC. 15 T22S R37E
LEA COUNTY, NEW MEXICO
ELEV - 3544' G.L.
- 3354'

JAG 3-20-73 erw

16" O D CASING SET AT 228' W/100 SX (CIRC)

8 5/8" O D CASING SET AT 1132' W/300 SX (CIRC)

*Drill bit
Lost S.R.*

5 1/2" O D 17# LINER SET @ 3370-3556', NOT CEMENTED
86

3411' 7" 24# CASING SET AT 3411' W/300 SX (TOC - EST 1800')
Cement liner tubing

2 7/8" OD TUBING SET @ 3682'

OH SHOT: 3500-3556' - 200 QTS
86
56
30

ACIDIZED 3600-3640' W/3000 GALLONS

T.D. 3685'

LINER SET AFTER OH SHOT - LOST BIT IN HOLE. C O & DRILLED BY BIT.
RAN LINER TO PREVENT CAVINGS. T D WAS 3640'.

JULY 1938: DEEPENED W/CABLE TOOLS TO 3685' AND TREATED W/2000 GAL. ACID.

BEFORE EXAMINER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 5061
Submitted by Continental Oil Co
Hearing Date Sept. 5, 1973

BEFORE THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW MEXICO

Case 5061

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR AUTHOR-
ITY TO CONDUCT A WATERFLOOD BY
INJECTING WATER INTO THE PENROSE-
SKELLY PAY INTERVAL IN ITS ELLIOTT
A-15 WELL NO. 1 LOCATED IN UNIT "P"
OF SECTION 15, TOWNSHIP 22 SOUTH,
RANGE 37 EAST, LEA COUNTY, NEW MEXICO

APPLICATION

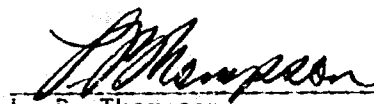
Applicant, Continental Oil Company, respectfully requests approval to conduct a waterflood project by injecting water into the Penrose-Skelly Pool Interval in its Elliott A-15 Well No. 1 located in Unit "P" of Section 15, Township 22 South, Range 37 East, Lea County, New Mexico, and in support thereof would show;

1. Applicant is the operator and co-owner for the Elliott A-15 lease consisting of S/2 SE/4 Section 15, Township 22 South, Range 37 East, Lea County, New Mexico.
2. Said lease directly offsets the Langlie Mattix-Penrose Sand Unit operated by Anadarko Production Company.
3. In cooperation with the waterflood project being conducted on said unit, applicant proposes to inject water into the Penrose-Skelly pay interval in its Elliott A-15 Well No. 2 located 330' from the south line and 400' from the east line of said Section 15.
4. The Injection as proposed by applicant will result in the recovery of oil which otherwise would not be recovered and will protect correlative rights.

Wherefore applicant respectfully requests that this matter be set for hearing before the Commission's duly appointed examiner and that upon hearing an order be entered authorizing the waterflood project and injection into applicant's Elliott A-15 Well No. 1 as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY

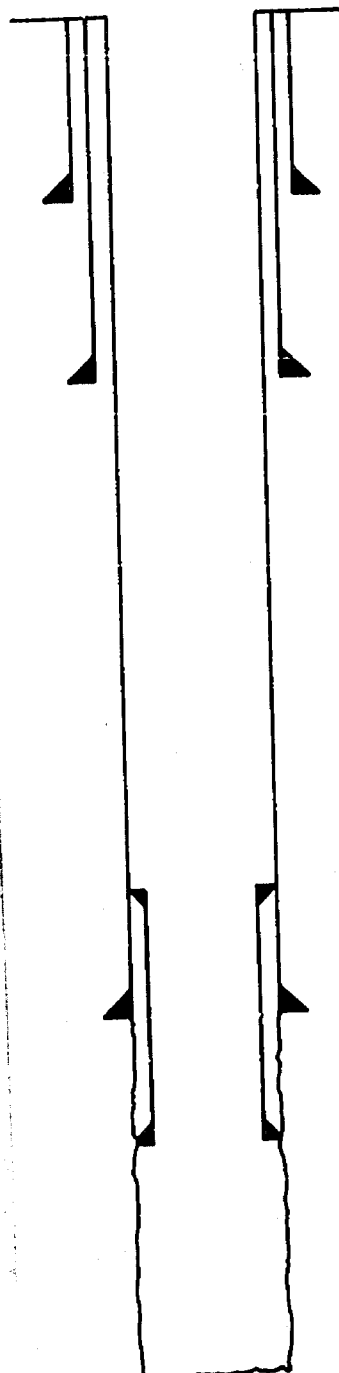
A handwritten signature in cursive script, appearing to read "L. P. Thompson", is written over a horizontal line.

L. P. Thompson
Division Manager of Production

ELLIOTT A-15 NO. 1

Unit P - 330' FSL & 400' FWE FEL.
SEC. 15 T22S R37E
LEA COUNTY, NEW MEXICO
ELEV - 3544' G.L.
- 3354'

JAG 3-20-73 erw



16" O D CASING SET AT 228' W/100 SX (CIRC)

8 5/8" O D CASING SET AT 1132' W/300 SX (CIRC)

5 1/2" O D 17# LINER SET @ 3370-3556', NOT CEMENTED

3411' 7" 24# CASING SET AT 3411' W/300 SX (TOC - EST 1800')

2 7/8" OD TUBING SET @ 3682'

OH SHOT: 3500-3556' - 200 QTS

ACIDIZED 3600-3640' W/3000 GALLONS

T.D. 3685'

LINER SET AFTER OH SHOT - LOST BIT IN HOLE. C O & DRILLED BY BIT.
RAN LINER TO PREVENT CAVINGS. T D WAS 3640'.

JULY 1938: DEEPENED W/CABLE TOOLS TO 3685' AND TREATED W/2000 GAL. ACID.

DRAFT

TWD/dr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5061

Order No. R- 4630

APPLICATION OF CONTINENTAL OIL
COMPANY FOR A WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 5, 1973,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of September, 1973, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

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

(2) That the applicant, Continental Oil Company, seeks
authority to institute a waterflood project in the Penrose-
Skelly Pool, by the injection of water into the Grayburg formation
in its Elliott A-15 Well No. 1 located in Unit P of Section 15,
Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

into the Penrose Ranch in the open-hole interval
from 3411 feet to 3685 feet in its Elliott A-15 Well No. 1
located 380 feet from the South line and 400 feet from the East
line of Section 15, Township 22 South, Range 37 East, N.M.P.M.

(3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper wells."

(4) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the operator should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

~~(6) That an administrative procedure should be established whereby additional injection and producing wells at orthodox and unorthodox locations in the project area may be approved without notice and hearing.~~

(6) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to institute a waterflood project in the Penrose-Skelly Pool, Lea County, New Mexico, *by the injection of water*

~~(2) That the subject waterflood project is hereby designated the Penrose-Skelly Elliott A-15 Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.~~

(2) That injection into ~~each of~~ said well^s shall be through cement-lined tubing, set in a packer which shall be located as near as practicable to the ~~uppermost perforation, or in the case of open-hole completions,~~ as near as practicable to the casing-shoe; that the casing-tubing annulus of ^{the} ~~each~~ injection well shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(3) That the operator shall immediately notify the supervisor of the Commission's Hobbs district office of the failure of the tubing or packer in ~~any of~~ ^{the} said injection well~~s~~, the leakage of water or oil from around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(4) That the subject waterflood project is hereby designated the ^{Continental} Penrose-Skelly Elliott A-15 Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(5) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.