

CASE 2566: Application of [REDACTED]
for an attachment to [REDACTED] R-1110;
R-1110-A and R-1110-B.

45770.
2566

dition, Transcript,
all Exhibits, Etc.

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 23, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of Newmont Oil Company for an amendment to Orders No. R-1110, R-1110-A and R-1110-B, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order amending Orders No. R-1110, R-1110-A, and R-1110-B to define the proper limits of its Square Lake Pool Waterflood Project, Eddy County, New Mexico, to establish rules for expansion of the flood within the defined area, and to provide for capacity allowables for said area.

CASE 2566

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Case 2566.

MR. MORRIS: Application of Newmont Oil Company for an amendment to Orders No. R-1110, R-1110-A and R-1110-B, Eddy County, New Mexico.

MR. CAMPBELL: Jack M. Campbell, Campbell and Russell, Roswell, New Mexico, appearing on behalf of the applicant, Newmont Oil Company. I have one witness.

(Witness sworn.)

MR. UTZ: Are there other appearances? in this case?
You may proceed.

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FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691



(Whereupon, Applicant's Exhibit
No. 1 marked for identification.)

ROBERT J. COOK

called as a witness, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. CAMPBELL:

Q Will you state your name, please?

A Robert J. Cook.

Q Where do you live, Mr. Cook?

A Artesia, New Mexico.

Q By whom are you employed and what capacity?

A Newmont, District Petroleum Engineer.

Q You have not previously testified before this Commission or its Examiner, have you?

A No, sir, I haven't.

Q Would you briefly give the Examiner your educational and professional background?

A I was graduated from University of Texas in 1952 with a Bachelor of Science Degree in Petroleum Engineering. Approximately two years later I completed by correspondence the requirements for Bachelor's Degree in Geology. Since that time, I have almost exclusively worked with the shallower reservoirs in Southeastern New Mexico. For the last three years I have been employed by Newmont Oil Company.

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Q By what other companies have you been employed?

A I have been employed by Gulf Oil Corporation and by Cable Engineering at Wichita Falls; by Sinclair Oil Company in Midland.

Q Are you acquainted with the Square Lake Pool Waterflood Project operated by Newmont Oil Company in Eddy County, New Mexico?

A Yes, sir, I am.

Q I refer you to what has been identified as Applicant's Exhibit No. 1, and ask you to state what that is, please.

A This is an ownership plat of the Square Lake, a portion of the Square Lake Field. The Newmont Oil Company properties are indicated in orange; the acreage under consideration here is indicated in blue. The map also indicates the existing waterflood pattern in the area.

Q The pink area is the area that's under consideration here, is it?

A No.

Q Or the blue area on your map?

A Yes, right.

Q Shown is the South Half of the Southwest Quarter and the North Half of 20, and the North Half of the Northwest Quarter of 29, is that correct?

A Yes, that's correct.

Q What is it you are seeking to do?

A We're seeking a permit to expand our present flood onto



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this lease.

Q If the authority is granted, what do you propose to do with regard to this lease?

A We propose to convert the No. 3 Well located in the Southwest Southwest of 20, and the No. 2 Well located in the Northeast Northwest of 29 to injection, and to leave the No. 1 Well, the Northwest, Northwest of 29, as a producer.

Q Do you have operating rights insofar as this acreage is concerned?

A Yes, sir, we do.

Q Is Newmont Oil Company the operator under the operating agreement?

A Yes, they are.

Q Do you have information concerning the present status of the wells involved here and the surrounding wells, relative to their production?

A The rates, you mean?

Q Yes.

A Yes, sir. The Knox No. 1 Well is presently producing about 30 to 35 barrels of oil per day, and about 20 barrels of water. The No. 2 is producing about 10 to 15 barrels a day of oil with no water. The No. 3 is not presently producing; there is a pumping unit on the well but it is not presently operating.

Q Do you believe that the production from the acreage involved in this application has been stimulated as a result of



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the injection of water in the presently approved project area?

A Yes, sir, I do.

Q You have referred to the production of water from the Knox No. 1 Well. Do you consider that to be water encroachment from the flood or from other sources?

A I believe that most of it is coming from water which we have put into this well during cleanout operations. We cleaned it out immediately after taking over, and had to inject fresh water into the well in order to break the salt water deal.

Q Do you consider that you have reached the northeast limits of production from this reservoir?

A Yes, sir, essentially, I do.

Q Do you contemplate the drilling of any additional wells on this tract or to the north of this tract?

A We are studying the possibility of drilling perhaps one more well on the tract.

Q Would this be a producing well?

A It would.

Q Are you seeking here to obtain the addition of this acreage to the project area as a legitimate expansion of the existing area?

A Yes, sir.

Q Do you consider that any production you obtain from the Knox Well No. 1 will be production from the same reservoir as you are presently flooding in the project area?



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A Yes, sir, it produces from the same reservoir.

Q Do you believe that it is necessary in order to prevent waste that you be authorized to expand the flood to cover this additional acreage and to commence the injection with water in the Knox No. 2 and No. 3 Wells?

A I do.

MR. CAMPBELL: That's all the questions I have at this time, Mr. Examiner.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Cook, is the area outlined here in orange the same area as was granted to you as the project area in, I believe it was Order 1110-B?

A Yes, sir, I believe it was.

Q Was the North Half of the Northwest Section of 29 included in that Order?

A No, it was not. I don't believe so.

Q I thought I might have copied it wrong. Likewise, the North Half of the Northwest Quarter of 29 and the South Half of the Southwest Quarter of 20 was not in that Order, is that correct?

A Would you repeat that?

Q The North Half of the Northwest of 29 and the South Half of the Southwest of 20?

MR. CAMPBELL: That's what we're seeking here. The other one is an error there, there are two dry holes on that tract.



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Q (By Mr. Utz) You don't want that included then?

A No.

MR. CAMPBELL: We are not seeking that to be included. The Exhibit 1 would be in error insofar as the North Half of the Northeast Quarter of Section 29 is concerned.

A That's correct.

MR. UTZ: In all other respects, that area is identical to what was granted in 1110-B?

MR. CAMPBELL: Yes. For the record, we are not seeking any additional acreage except the South Half of the Southwest Quarter of Section 20, and the North Half of the Northwest Quarter of Section 29, beyond that previously authorized by Commission Orders for the project area.

MR. UTZ: Now the original Order, which was 1110-A, I believe, granted you six injection wells. At this point I'm not clear whether 1110-B granted you more injection wells. For some reason I don't have a copy of that Order.

MR. CAMPBELL: The Order 1110-B, Mr. Examiner, authorized the expansion as a legitimate expansion of the original flood to the project area outlined in orange on Exhibit 1, except for the 80-acre tract to which we have referred. An expansion within that area has proceeded under the provisions of Rule 701 of the Commission.

Q (By Mr. Utz) Mr. Cook, are all the injection wells shown on your Exhibit 1 now completed as injection wells?



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A Yes, sir, they are.

Q It's your intention, then, to put on more injection wells within the area?

A Yes, sir, it is.

Q And extend, namely, to the southeast?

A Yes, sir.

Q Are all the wells in the southeast area of a stripper nature?

A Yes, sir.

Q Would you know off-hand what the maximum production was on any of the wells?

A If you'll wait just a minute, I can get that for you.

MR. CAMPBELL: I believe that the record in Case No. 2299 may contain that information. I'm not certain.

MR. UTZ: I'm not sure, either.

MR. CAMPBELL: I don't have the transcript with me.

A The maximum production from the undeveloped wells in the southeast part would run not over four to five barrels a day.

MR. UTZ: Are there other questions of the witness?

MR. MORRIS: Yes, sir.

MR. UTZ: Mr. Morris.

BY MR. MORRIS:

Q Mr. Cook, as I understand it, you are seeking to add 160 acres to the project area that has previously been approved. Is it Newmont's intention to expand this flood any further in the



northern part of the project in a northern or northeastly direction from the Knox acreage?

A Not at the present time, no.

Q Do you feel that sometime in the future it might be Newmont's intention to expand the flood in that direction?

A No, I don't feel that we would expand it.

Q No negotiations are under way at the present time with Western Oil Fields or D.O.B., whatever that is, to take in the Southeast Quarter of Section 20?

A No, sir. We are not negotiating to acquire those properties.

Q Mr. Cook, are you familiar with the agreement under which the Knox acreage is to be taken into the flood?

A Between ourselves and the Knox people?

Q Yes.

A Yes, sir.

Q I believe in your application you stated that you do have an operating agreement with the ownership or the administrator of those properties. Do you feel that that operating agreement is sufficient to protect the correlative rights of the owners in the Knox acreage as well as the owners in the acreage already in the Newmont project surrounding the Knox acreage?

A Yes, sir.

Q You feel that any oil that migrates across lease boundaries will be compensated by counter-drainage?

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A Yes, sir, I do.

MR. MORRIS: I believe that's all I have.

MR. UTZ: Are there other questions of the witness?

The witness may be excused.

(Witness excused.)

MR. CAMPBELL: I would like to offer Applicant's Exhibit No. 1 in evidence, Mr. Examiner.

MR. UTZ: Without objection, Exhibit No. 1 will be entered into the record of this case. Are there other statements in this case?

MR. MORRIS: Mr. Examiner, the Commission has received a letter from Pan American Petroleum Corporation. The letter is too long to read into the record. Basically, they are opposed to the application. I will offer the letter as part of the record in this case.

MR. CAMPBELL: May I see it?

MR. MORRIS: Yes, sir.

MR. CAMPBELL: I assume that it's not necessary to show that this is not evidence in the case.

MR. MORRIS: No, sir, it's not.

MR. UTZ: It will bear the same weight as any other written statement, I presume.

The case will be taken under advisement.

* * * * *



STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings was reported by me in stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 9th day of June, 1962, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:
June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2566 heard by me on May 23, 1962.
[Signature] Examiner
New Mexico Oil Conservation Commission

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PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691



**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. 2566
Order No. R-1110-C

**APPLICATION OF NEWMONT OIL COMPANY
FOR AN AMENDMENT OF ORDERS NOS. R-
1110, R-1110-A AND R-1110-B, EDDY
COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 23, 1962, at Santa Fe, New Mexico, before Elvis A. Uts, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 7th day of June, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Uts, 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 Order No. R-1110 authorized the institution of a pilot waterflood project in the Square Lake Pool to inject water into the Lower Grayburg and the Upper San Andres formations in Sections 29, 30, and 32 of Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) That Order No. R-1110-A authorized the use of different water injection wells from those authorized in Order No. R-1110.

(4) That Order No. R-1110-B expanded said waterflood project to include lands in Sections 28, 31, 32, 33, and 34, all in Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico, which expansion included lands to be operated by Newmont Oil Company under an agreement with Kennedy Oil Company and Southern Petroleum Exploration Company.

(5) That the entire area included in the waterflood project by Orders Nos. R-1110, R-1110-A and R-1110-B was exempted from the allowable provisions of Rule 701 E.

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CASE No. 2566

Order No. R-1110-C

(6) That in the subject case, the applicant, Beaumont Oil Company, seeks permission to expand the waterflood project to include the S/2 SW/4 of Section 20 and the E/2 NW/4 of Section 19, all in Township 16 South, Range 31 East, NMPN, Eddy County, New Mexico, which lands are to be operated by Beaumont Oil Company under an agreement with the owner of said 160-acre tract.

(7) That the conversion to water injection of wells in the area proposed to be included in the waterflood project will constitute a legitimate expansion of a waterflood project which was authorized prior to the issuance of Order No. R-1525 and therefore should be exempt from the allowable provisions of Rule 701 E.

IT IS THEREFORE ORDERED:

(1) That the Square Lake Waterflood Project operated by the applicant, Beaumont Oil Company, shall comprise the following-described acreage:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPN
EDDY COUNTY, NEW MEXICO

Section 19: S/2 SE/4
Section 20: S/2 SW/4
Section 28: W/2 SW/4
Section 29: S/2, NW/4 and S/2 NE/4
Section 30: NE/4 and E/2 SE/4
Section 32: N/2
Section 33: E/2, SE/4 and E/2 SW/4
Section 34: S/2, W/2 NW/4 and SW/4 NE/4

(2) That all of the above-described acreage which was not included in the previously authorized Square Lake Waterflood Project is hereby designated a legitimate expansion of said project, and shall be exempt from the allowable provisions of Rule 701 E.

(3) That the provisions of Orders Nos. R-1110, R-1110-A, and R-1110-B shall remain in full force and effect.

(4) That the waterflood project as expanded by this order shall be operated in accordance with the provisions of Rule 701 E of the Commission Rules and Regulations, except as provided in Paragraph 2 above.

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

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CASE No. 2566

Order No. R-1110-C

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. J. McLaughlin

EDWIN L. MCLOUGHLIN, Chairman

E. J. McLaughlin
E. J. McLaughlin, Member

A. L. Foster, Jr.

A. L. FOSTER, Jr., Member & Secretary

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GOVERNOR
EDWIN L. MECHAM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



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

P. O. BOX 871
SANTA FE

June 7, 1962

Mr. Jack Campbell
Campbell & Russell
Attorneys at Law
P. O. Drawer 640
Roswell, New Mexico

Re: Case No. 2566
Order No. A-1110-C
Applicant:
Newmont 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 handwritten signature in cursive script that reads "A. L. Porter, Jr.".

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

OTHER Mr. Howard Bratton (for Humble)

Case 2566

Heard 5-23-62

Rec. 5-24-62

1. Grant Minnesota request to expand the Square Lake Waterflood as granted in Order R-1110-B. The expansion consists of $\frac{3}{2}$ SW/4 sec. 29 - 165-31E. and N/2 NW/4 sec. 29 - 165-31E.
2. Expansion should conform to the Rules by which the project now operates Order (2) R-1110-B.

Thurston J. R.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 1368
Order No. R-1110-A

APPLICATION OF AMBASSADOR OIL
CORPORATION FOR AN ORDER AMENDING
PARAGRAPH 2 OF ORDER NO. R-1110.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 19, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 3rd. day of April, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Nutter, 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 Order No. R-1110 authorized the applicant, Ambassador Oil Corporation, to institute a pilot water flood project in the Square Lake Pool to inject water into the Lower Grayburg and the Upper San Andres formations through six converted oil wells located in Sections 29, 30, and 32 of Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) That the applicant has encountered certain mechanical difficulties and therefore proposes to substitute the Vickers-Federal Well No. 2, located in the NE/4 NE/4 of Section 30, and the Vickers-Federal Well No. 3, located in the SW/4 NE/4 of Section 30 as water injection wells in lieu of the Carper-Wheatley Well No. 1, located in the SW/4 SE/4 of Section 29, and the Texas Trading State Well No. 3, located in the NE/4 NW/4 of Section 32, all in Township 16 South, Range 31 East, Eddy County, New Mexico.

(4) That the above-described Carper-Wheatley Well No. 1 and the Texas Trading State Well No. 3 will be returned to producing status.

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Case No. 1368
Order No. R-1110-A

(5) That the proposed substitution will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

1. That Order No. R-1110 be and the same is hereby amended in the following respects only:

The Carper-Wheatley Well No. 1, located in the SW/4 SE/4 of Section 29, and The Texas Trading State Well No. 3, located in the NE/4 NW/4 of Section 32, both being in Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico, be and the same are hereby deleted from paragraph 2 of said order and the Vickers-Federal Well No. 2, located in the NE/4 NE/4 of Section 30, and the Vickers-Federal Well No. 3, located in the SW/4 NE/4 of Section 30, both being in Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico, be and the same are hereby substituted therefor.

2. In all other respects, Order No. R-1110 is to remain in full force and effect.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

S E A L

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PAN AMERICAN PETROLEUM CORPORATION

MAIN OFFICE

OIL AND GAS BUILDING

P. O. BOX 1410

KENNETH J. BARR
DIVISION ENGINEER

1962 MAY 21 AM 8:16 FORT WORTH 1, TEXAS

May 18, 1962

File: GHF-234-986.510.1

Subject: NMOCC Case 2566
Application of Newmont Oil Company
for Waterflood Square Lake Field
Eddy County, New Mexico

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

Case 2566, docketed for hearing on May 23, 1962, is the application of Newmont Oil Company to amend certain orders and to define the proper limits of its Square Lake Pool waterflood project, Eddy County, New Mexico, and to provide for capacity allowables for this project.

At the Commission's general waterflood hearing held in October, 1959, Pan American Petroleum Corporation concurred in the proposed Rule 701 which was subsequently adopted by the Commission. It was and is Pan American's sincere conviction that the flexibility provided by Rule No. 701 is completely sufficient to both protect correlative rights of the parties involved in a waterflooding project as well as promote conservation and prevent physical waste. Pan American, therefore, is opposed to the granting of capacity allowables in that Rule 701 provides sufficient incentives and rewards for operators engaged in waterflooding.

Pan American respectfully submits to the Commission that the subject application is not a "legitimate expansion" as contemplated by Order R-1525. The applicant in this expansion is attempting by expansion to include properties only recently actually owned and operated by others. The lure of capacity allowables provides for a very persuasive instrument of negotiation. If the Commission should recognize this method as a "legitimate expansion" then it is entirely possible that the applicant through negotiation could ultimately expand this project to cover the entire pool. If this should occur, the purpose and intent of Rule 701 would be completely circumvented.

File: GHF-234-986.510.1

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May 18, 1962

It is interesting to observe that when Rule 701 was amended in November, 1959, to provide for waterflood allowables there was currently assigned to wells involved in waterfloods approximately 10,000 barrels of oil over and above what they would have been assigned under the normal unit allowable then in effect. At the present time this has increased to approximately 17,000 barrels. This is an increase of 70%. It is the duty of the Commission to see that capacity allowables do not pre-empt the demand for New Mexico crude.

In view of the above discussed considerations Pan American respectfully recommends that the Commission deny the applicant's request for capacity allowables for the proposed expansion area of this flood.

Yours very truly,

Kenneth J. Barr
Kenneth J. Barr

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. 2299
Order No. R-1110-B

APPLICATION OF NEWMONT OIL
COMPANY FOR AN AMENDMENT
OF ORDERS NOS. R-1110 AND
R-1110-A, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 7, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 22nd day of June, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 Order No. R-1110 authorized the institution of a pilot waterflood project in the Square Lake Pool to inject water into the Lower Grayburg and the Upper San Andres formations in Sections 29, 30, and 32 of Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico.
- ✓ (3) That Order No. R-1110-A authorized the use of different water injection wells from those authorized in Order No. R-1110.
- (4) That the applicant, Newmont Oil Company, seeks an amendment of Orders Nos. R-1110 and R-1110-A to permit the expansion of said waterflood project to include lands in Sections 28, 31, 32, 33, and 34, all in Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico.
- (5) That the applicant proposes to include in the expansion of said waterflood project certain lands in said Sections 28, 33, and 34 owned by the Kennedy Oil Company, to be operated by the applicant under an agreement with Kennedy Oil Company.

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CASE No. 2299
Order No. R-1110-B

(6) That the applicant proposes to include in the expansion of said waterflood project certain lands in said Section 32 owned by Southern Petroleum Exploration Company, Inc., to be operated by the applicant under an agreement with Southern Petroleum Exploration Company, Inc.

(7) That the conversion to water injection of wells in the area proposed to be included in the waterflood project will constitute a legitimate expansion of a waterflood project which was authorized prior to the issuance of Order No. R-1525, and that this entire area, therefore, should be exempt from the allowable provisions of Rule 701 E.

(8) That due to its location apart from the existing flood, it is impracticable to include the E/2 SE/4 of Section 31, Township 16 South, Range 31 East in the project at this time.

IT IS THEREFORE ORDERED:

(1) That the Square Lake Waterflood Project, to be operated by the applicant, Newmont Oil Company, shall comprise the following-described acreage:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
EDDY COUNTY, NEW MEXICO

Section 19: S/2 SE/4
Section 28: W/2 SW/4
Section 29: ~~S/2 SE/4~~ S/2, NW/4 and S/2 NE/4
Section 30: NE/4 and E/2 SE/4
Section 32: N/2
Section 33: N/2, SE/4 and E/2 SW/4
Section 34: S/2, W/2 NW/4 and SW/4 NE/4

✓ (2) That all of the above-described acreage which was not included in the previously authorized Square Lake Waterflood Project is hereby designated a legitimate expansion of said project, and shall be exempt from the allowable provisions of Rule 701 E.

✓ (3) That the provisions of Orders Nos. R-1110, ~~and~~ R-1110-A, and R-1110-B, shall remain in full force and effect.

✓ (4) That the waterflood project as expanded by this order shall be operated in accordance with the provisions of Rule 701 E of the Commission Rules and Regulations, except as provided in Paragraph 2 above.

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

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CASE No. 2299

Order No. R-1110-B

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

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

S E A L

No. 16-62

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 23, 1962

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 Daniel S. Nutter, as alternate examiner.

CASE 2537: (Reopened)

Application of J. C. Williamson for a dual completion, Lea County, New Mexico. Applicant, in the above styled cause, seeks permission to complete its Westates-Federal Well No. 8 located in Unit E of Section 1, Township 25 South, Range 37 East, Lea County, New Mexico, as a dual completion (conventional) in the North Justis-McKee Pool and an undesignated Montoya pool with the production of oil from both zones to be through parallel strings of tubing.

CASE 2564:

Application of Tidewater Oil Company for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (conventional) of its A. B. Coates "C" Well No. 18, located in Unit I, Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from the Justis-Blinbry, Justis Tubb-Drinkard and Justis Ellenburger Pools through parallel strings of 2 3/8-inch tubing.

CASE 2565:

Application of J. Glenn Turner for a dual completion and an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the dual completion (conventional) of his Nye Well No. 9-1 at an unorthodox location 1810 feet from the North line and 900 feet from the West line of Section 9, Township 29 North, Range 10 West, San Juan County, New Mexico, in such a manner as to produce gas from the Blanco Mesaverde Gas Pool and the Basin Dakota Gas pool through parallel strings of 1 1/2-inch and 2 1/16-inch tubing.

CASE 2566:

Application of Newmont Oil Company for an amendment to Orders No. R-1110, R-1110-A and R-1110-B, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order amending Orders No. R-1110, R-1110-A and R-1110-B to define the proper limits of its Square Lake Pool Waterflood Project, Eddy County, New Mexico, to establish rules for expansion of the flood within the defined area, and to provide for capacity allowables for said area.

CASE 2567:

Application of Redfern & Herd, Inc., for a force-pooling order, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin-Dakota Gas Pool underlying the S/2 Section 11, Township 29 North, Range 13 West, San Juan County, New Mexico, to be dedicated to a well to be drilled in the SE/4 SE/4 of said Section 11.

CASE 2568:

Application of Redfern & Herd, Inc., for a force-pooling order, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin-Dakota Gas Pool underlying the E/2 Section 15, Township 29 North, Range 13 West, San Juan County, New Mexico, to be dedicated to a well to be drilled in the SE/4 NE/4 of said Section 15.

CASE 2569:

Application of Texaco Inc., for a quintuple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving the quintuple completion (tubingless) of its G. L. Erwin "B" NCT-2 Well No. 3, located in Unit I, Section 35, Township 24 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from the Waddell, McKee, Fusselman, Devonian, and Drinkard zones, North Justis Field, through parallel strings of 2 7/8 and 2 3/8 inch casing cemented in a common well bore.

16-62

**SUPPLEMENTAL DOCKET: EXAMINER HEARING - WEDNESDAY MAY 23, 1962
9 A.M. CONFERENCE ROOM, STATE LAND OFFICE BUILDING, SANTA FE, N. M.**

The following case will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter Alternate Examiner.

CASE 2570:

Application of Cities Service Petroleum Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its State "AD" Well No. 2, located 3300 feet from the North line and 660 feet from the East line of Section 22, Township 10 South, Range 32 East, Lea County, New Mexico, as an oil-oil dual completion in the San Andres and Pennsylvanian formations in the Mescalero field with the production of oil to be through strings of 2-inch and 1½ or 1¼-inch tubing utilizing a crossover assembly.

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Docket No. 16-62

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BEFORE THE OIL CONSERVATION COMMISSION IN 11 01

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
NEWMONT OIL COMPANY FOR AN ORDER)
AMENDING ORDERS NO. R-1110, R-1110-A)
and R-1110-B TO PROVIDE FOR APPROVAL)
OF A PROJECT AREA FOR ITS SQUARE LAKE)
POOL WATERFLOOD PROJECT IN SECTIONS 19,)
28, 29, 30, 32, 33 and 34 TOWNSHIP 16)
SOUTH, RANGE 31 EAST, EDDY COUNTY, NEW)
MEXICO, AND PROVIDING PROCEDURES FOR)
EXPANSION WITHIN SAID PROJECT AREA.)

No. 2566

APPLICATION

COMES NOW Applicant, Newmont Oil Company by its attorneys,
Campbell & Russell, and states:

1. It is the operator of a pilot waterflood project in
the Square Lake Pool, Eddy County, New Mexico, authorized by the
Commission in its Orders No. R-1110, R-1110-A and R-1110-B dated
January 15, 1958, April 3, 1958 and June 22, 1961, respectively.

2. The presently developed area of said project has
established the feasibility of waterflooding the Lower Grayburg
and Upper San Andres formations in said pool and has further
established that such flooding will result in increased ultimate
recovery of oil and will, therefore, prevent waste.

3. Applicant has an Operating Agreement with Winnie Dill
Knox, individually and as Executrix and Trustee under the Last Will
and Testament of T. B. Knox, deceased, as to the S $\frac{1}{2}$ SW $\frac{1}{4}$ of Section
20 and the N $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 29, all in Township 16 South, Range 31
East, Eddy County, New Mexico, whereby the Applicant, as Operator,
will expand the pilot area to include the above-described tracts,
under proper orders of the Commission.

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4. Orders R-1110 and R-1110-A were entered prior to the revisions of Rule 701 and this Application involves a legitimate expansion of a then-existing waterflood project.

WHEREFORE, Applicant requests the Commission to set this matter down for hearing before an Examiner, publish notice as required by law and, after hearing, to issue its order:

1. Defining the proper limits of the Square Lake Pool waterflood project;
2. Establishing rules for expansion of the flood within the defined area; and
3. Providing for capacity allowables for the area in a like manner as such allowables are now being permitted in the pilot area.

Respectfully submitted,

NEWMONT OIL COMPANY

By John F. Russell

CAMPBELL & RUSSELL
P. O. Drawer 640
Roswell, New Mexico

Attorneys for Applicant