

**CASE 2588: Application of WATER-
FLOOD ASSOCIATES for establishment
of a buffer zone - Eddy County.**

Case No.

2588

Application, Transcript,
and Exhibits, Etc.

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 28, 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 2587: Application of Yates Petroleum Corporation for the assignment of an allowable to its Gushwa Well No. 1, located in the S/2 of Section 21, Township 18 South, Range 26 East, Eddy County, New Mexico, for the commencement of gas prorationing in the Atoka-Pennsylvanian Gas Pool July 1, 1961, to the date of connection of said August 12, 1961. Applicant alleges that said well was unreasonably discriminated against by being denied access to a gas transportation facility during said period.

CASE 2588: Application of Waterflood Associates, Inc., for the establishment of a buffer zone, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the SE/4 NE/4 of Section 20, and the W/2 NW/4 of Section 21, all in Township 18 South, Range 28 East, Eddy County, New Mexico, as a buffer zone in its proposed waterflood project in the Artesia Pool with wells in said buffer zone to be assigned capacity allowables.

CASE 2589: Application of Chaco Oil Company for an amendment of Order No. R-1533, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1533 to provide administrative procedures for obtaining approval of unorthodox locations for injection and producing wells in the Red Mountain Oil Pool, McKinley County, New Mexico.

CASE 2590: Application of J. Glenn Turner for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order of the Commission force-pooling all mineral interests in the Basin-Dakota Gas Pool in the S/2 of Section 14, Township 29 North, Range 10 West, San Juan County, New Mexico.

CASE 2591: Application of Texaco Inc. for an exception to Rule 107 (e), Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 107 (e) to permit the tubingless completion of its State "AT" Well No. 5, located in Unit M, Section 10, Township 14 South, Range 33 East, Lea County, New Mexico. The subject well will be completed

(Case 2591 continued)

in the Wolfcamp Formation and will be produced through a string of 2 7/8 inch casing set at approximately 10,000 feet.

CASE 2592:

Application of Skelly Oil Company for approval of a secondary recovery project, Lea County, New Mexico. Applicant, in above-styled cause, seeks permission to institute a secondary recovery project in the Lovington-San Andres Pool in the Lovington-San Andres Unit Area, comprising portions of Townships 16 and 17 South, Ranges 36 and 37 East, Lea County, New Mexico, by the injection of water into the San Andres formation through 17 wells located in said unit area.

CASE 2593:

Application of Skelly Oil Company for the approval of a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Lovington San Andres Unit Agreement embracing 2470 acres, more or less, of Federal, State and Fee lands in Townships 16 and 17 South, Ranges 36 and 37 East, Lea County, New Mexico.

CASE 2594:

Application of Hill & Meeker for special rules and regulations for the South Crossroads-Devonian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules and regulations for the South Crossroads-Devonian Pool, Lea County, New Mexico, to include provisions for 80-acre oil proration units therein.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :
OF WATER-FLOOD ASSOCIATES, INC. :
FOR AN AMENDMENT OF THE ORDER OF :
THE OIL CONSERVATION COMMISSION :
TO BE ENTERED IN THIS CASE TO PRO- :
VIDE FOR THE CREATION OF A BUFFER :
ZONE WITH SPECIAL ALLOWABLES FOR :
WELLS LOCATED IN THE W/2 NW/4 :
SECTION 21 AND SE/4 NE/4 SECTION 20, :
TOWNSHIP 18 SOUTH, RANGE 28 EAST, :
N.M.P.M., EDDY COUNTY, NEW MEXICO. :

2588
CASE NO. 2582

APPLICATION

COMES Water-Flood Associates, Inc. by its attorneys,
Losee and Stewart, and respectfully states:

1. That on June 7, 1962, the Oil Conservation Commis-
sion of New Mexico, hereinafter referred to as the "Commission,"
through its duly designated examiner, Daniel S. Nutter, heard
testimony and received evidence on the application of Water-
Flood Associates, Inc. for approval of a water flood project in
the Artesia Pool by the injection of water through one well
located in the SW/4 NW/4 of Section 21, Township 18 South, Range
28 East, Eddy County, New Mexico.

2. The notice of said hearing provided that said
water flood project would be governed by Rule 701.

3. That Graridge Corporation is presently conducting
a water flood project in the SW/4 NE/4, SE/4 NW/4, SW/4 and
NW/4 SE/4 of said Section 21.

4. That the said Graridge Corporation water flood
project was authorized before the effective date of Commission
Order R-1525 entered in Case No. 1787 and, as a result, said
project is operated at unrestricted rates of production.

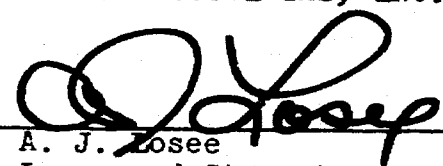
5. That approval of an amendment to the order be entered in this case to create a buffer zone within the W/2 NW/4, Section 21 and the SE/4 NE/4, Section 20, Township 18 South, Range 28 East with unrestricted rates of production for said zone, will prevent waste and is necessary to protect the correlative rights.

WHEREFORE, applicant prays the orders of the Commission as follows:

- a) That this matter be set for hearing before an examiner and due notice be given thereof as required by law.
- b) That the Commission amend its order in this case to provide for the creation of a buffer zone for the lands of applicant above described and to authorize capacity allowables for said buffer zone.
- c) And for such other relief as may be just in the premises.

WATER-FLOOD ASSOCIATES, INC.

By



A. J. Losee
Losee and Stewart
Attorneys at Law
Post Office Drawer 239
Artesia, New Mexico

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. 2588
Order No. R-2272-A

APPLICATION OF WATER FLOOD ASSOCIATES,
INC. FOR THE ESTABLISHMENT OF A BUFFER
ZONE, 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 28, 1962, at Santa Fe, New Mexico, before Elvis A. Utz, 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 17th day of July, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Water Flood Associates, Inc., is the operator of the SE/4 NE/4 of Section 20 and the W/2 NW/4 of Section 21, all in Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, in which area a waterflood project was approved by Order No. R-2272, entered in Case No. 2582 on June 21, 1962.
- (3) That the applicant, Water Flood Associates, Inc., seeks the establishment of the above-described acreage as a buffer zone in its proposed waterflood project in the Artesia Pool, with wells in said buffer zone to be assigned capacity allowables.
- (4) That Graridge Corporation presently is conducting a waterflood project with unrestricted rates of production in the area immediately adjacent to the subject acreage.
- (5) That in order to protect the correlative rights of the applicant, the subject application should be approved.

-2-

CASE No. 2588
Order No. R-2272-A

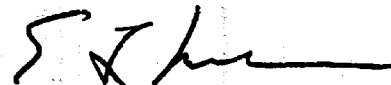
IT IS THEREFORE ORDERED:

(1) That the SE/4 NE/4 of Section 20 and the W/2 NW/4 of Section 21, all in Township 18 South, Range 28 East, NMMN, Eddy County, New Mexico, is hereby established as a buffer zone. The applicant, Water Flood Associates, Inc., is hereby authorized to operate its waterflood project on said acreage at unrestricted rates of production.

(2) 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



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



esr/

Case 2588

Heard. 6-28-62

Rec. 6-28-62

1. Grant Waterflood Assoc. a buffer zone consisting of w/2 NW/4 sec. 21, and SE/4 NE/4 sec. 20-155-28E.
2. Area shall be controlled so that cross line drainage shall be minimized between the waterflooded ^{to} 21 and any flood ^{to} 20-155-28E which may be produced in accordance with Rule 701.

X Order shall supersede R-2186

Amend R-2272

[Signature]

A. J. LOSEE
EDWARD B. STEWART

LAW OFFICES
LOSEE AND STEWART
CARPER BUILDING - P. O. DRAWER 239
ARTESIA, NEW MEXICO

11 June 1962

RECEIVED OFFICE DCS
1962 JUN 13 PM 1:16

Mr. Richard Morris, Attorney
Oil Conservation Commission of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Re: Commission Case No. 2582 *2588*

Dear Dick:

Enclosed herewith are triplicate copies of the application of Water-Flood Associates, Inc. to amend the order to be entered in the captioned case to create a buffer zone on the 120 acres described in this application. I understand that publication is already being commenced on this application for amendment and that the matter has been set for hearing before an examiner in Santa Fe on June 28, 1962.

Thank you in advance for the courtesies extended to me in this matter.

Very truly yours,

A. J. Losee
A. J. Losee

AJL:jat
Enclosures

cc: Mr. Hal C. Porter
Water-Flood Associates, Inc.
Post Office Box 376
Artesia, New Mexico

*Dockets
mailed
6/15/62
JL*

GRARIDGE CORPORATION

IBEX BUILDING

POST OFFICE BOX 755

BRECKENRIDGE, TEXAS

April 19, 1962

1962 APR 23 AM 8:14
STAFF OFFICE OCC

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Order No. R-966-E
Graridge Corporation Waterflood
Project No. 2

Gentlemen:

On July 15, 1959, Order No. R-966-E was issued relative to Case No. 1196 setting up administrative procedure for the expansion of Graridge Corporation operated Artesia Water Flood Projects No. 2 and No. 3. At the hearing for Case No. 1196, a waterflood pattern was presented which was projected to cover the area considered to have possible waterflood pay in the First Grayburg.

In this projection, Resler Yates State No. 310, located 330' FEL and 1650' FSL of Section 21, T-18S, R-28E, would be an injection well and No. 309, located 330' FEL and 990' FSL of Section 21, T-18S, R-28E, would be a producing well. Subsequent development of this flood project has indicated that the sand is much thinner and tighter in the vicinity of these two locations than was originally anticipated. Using projected recovery figures for producing wells which have responded in this immediate area, we would expect to recover approximately 32,000 gross barrels of oil from the floodable area around these two location which does not justify the expense involved in drilling two wells.

We believe that by maintaining injection into Resler Yates State Nos. 30, 24, and 303 and Lackawanna State No. 1, following the eventual watering out of Resler Yates State No. 25, that the area in the vicinity of locations 309 and 310 can be adequately swept. This should recover ultimately as much oil from the area with No. 310 as a producer as would be expected from the drilling of both 309 and 310 since we will be flooding toward a pinchout.

We respectfully request that the Commission grant administrative approval for the drilling and completing of Resler Yates State No. 310 as a producing well.

Yours very truly,

GRARIDGE CORPORATION

B. G. Harrison

B. G. Harrison
Manager of Secondary Recovery

BGH:vw

GOVERNOR
EDWIN L. MECHEM
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 671
SANTA FE

July 17, 1962

Mr. A. J. Losee
Losee and Stewart
Attorneys at Law
Carper Building - P. O. Drawer 239
Artesia, New Mexico

Re: Case No. 2588
Order No. R-2272-A
Applicant:
Waterflood Associates, Inc.

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, reading "A. L. Porter, Jr.", written in dark ink.

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

OTHER

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 28, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of Waterflood Associates, Inc., for the establishment of a buffer zone, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the SE/4 NE/4 of Section 20, and the W/2 NW/4 of Section 21, all in Township 18 South, Range 28 East, Eddy County, New Mexico, as a buffer zone in its proposed waterflood project in the Artesia Pool with wells in said buffer zone to be assigned capacity allowances.

CASE 2588

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Case 2588.

MR. MORRIS: Application of Waterflood Associates, Inc., for the establishment of a buffer zone, Eddy County, New Mexico.

(Whereupon, Applicant's Exhibits Nos. 1 through 5 marked for identification.)

MR. LOSEE: A. J. Losee, Losee and Stewart, Artesia, appearing for Applicant. We have one witness, Mr. Porter.

MR. UTZ: Any other appearances in this case? You may swear the witness.

(Witness sworn.)

MR. LOSEE: At this time, Mr. Examiner, the Applicant

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PHONE 243-6691



would like to move for the introduction of the record of the testimony and exhibits in Case No. 2582 which was heard by Mr. Nutter on June the 7th of this year; and in which an order has already been entered involving this same pool; that order was to authorize the waterflood project mentioned in this application.

MR. UTZ: What area did that waterflood mention that this order covered?

MR. LOSEE: The identical area in which this application is referring to, the Southeast Northeast of 20 and the West Half Northwest Quarter of 21, 18, 28. It was just entered, I think, about two or three days ago.

MR. UTZ: The record in Case 2582 will be made a part of the record in this case.

HAROLD PORTER

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

DIRECT EXAMINATION

BY MR. LOSEE:

- Q State your name, please.
- A My name is Harold Porter.
- Q Where do you live, Mr. Porter?
- A Artesia, New Mexico.
- Q What is your occupation?
- A I'm a petroleum engineer.
- Q Have you previously testified before this Commission as

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an expert?

A Yes, sir.

MR. LOSEE: Are Mr. Porter's qualifications acceptable?

MR. UTZ: Yes, sir, they are.

Q (By Mr. Losee) Please refer to what has been marked

Applicant's Exhibit 1 and state what that is.

A Exhibit 1 is an area plat showing the lease being applied for outlined in yellow and showing offset operators in the distance of at least two miles in each direction.

Q Please refer to Exhibit 2 and state what that portrays.

A Exhibit 2 is a plat showing the Waterflood Associates Mershon Lease and Humble Lease, and the Graridge Waterflood No. 2. It also shows the Graridge injection wells, which are circled and connected with a black line. It shows the Mershon State No. 3 Well, which was converted to an injection well this morning and which was authorized in the recent order. Also the possible expansion of the flood to include other acreage to the west.

Q You've already started injecting water in this Well No. 3?

A Yes, sir, it was supposed to start this morning.

Q This Graridge-Artesia Flood No. 2, what lands are covered by that project in Section 21?

A Section 21, all of the South Half, and the South Half of the Northeast Quarter, and the Southeast Quarter of the Northwest Quarter are included in that flood.

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Q Now this Artesia Flood No. 2, is it operating under restricted allowables, or was it in effect prior to Rule 701 as amended in 1959?

A It was in effect prior to that time and is operating at a capacity type allowable.

Q Please refer to Applicant's Exhibit 3. State what that portrays.

A Exhibit 3 is a graphic presentation of the production from ~~Mershon~~ State Wells No. 1 and 3. It shows a decline in the production from 1951 through '58 when only Well No. 1 was present, and then the completion of Well No. 3 in the early part of 1959 and the further decline of the two wells combined; and then in 1961 in November it shows the response from Mershon State No. 1 as a result of the injection by Graridge Corporation.

Q That Well No. 1 has continually gone up in production in the last five or six months?

A Yes, sir, it's making over 30 barrels a day now, and Well No. 3, before it was completed, it was making approximately one barrel per day.

Q Please refer to Applicant's Exhibit 4 and state what that portrays.

A Exhibit 4 is a graphic presentation of the performance of Graridge's Flood No. 2 showing the water injected, the oil produced, and the water produced by months.

Q What is the peak production point of that flood area?



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A The peak oil production occurred in January of 1961 at nearly 40,000 barrels a month.

Q Do you know how many wells, both injection and producing, are portrayed in that project area, the Graridge?

A Right now there are 85 total wells, injectors and producers, in the project.

Q You've mentioned that this Graridge Flood is operating under unrestricted allowables. Could it, at its peak point of production, have been operated under Rule 701?

A Yes, sir, it could have been without curtailing any production. However, this was due to the fact that there were so many wells and they were able to expand the thing at a sufficient rate to always maintain enough allowable under Rule 701 to where they would be able to produce their total amount of oil.

Q Have individual wells in the Graridge area exceeded 84 barrels a month?

A Yes, sir.

Q Please refer to Applicant's Exhibit No. 5 and state what that portrays.

A Exhibit No. 5 shows the performance of two individual producing wells in the flood. The first one is the McNutt State No. 7 in "K" of Section 21. This well was taken because it was fairly close to the area being talked about, and you can see that the oil production for this well --

Q Excuse me, Mr. Porter. Now your map, Exhibit 2, doesn't



clearly portray the Well No. 7. Is that located in the Northwest of the Southeast of Section 21?

A Yes, it is. I have corrected it in pencil on the exhibits. It was marked No. 1, but actually it's No. 7.

Q Excuse me, go ahead.

A The production from this well went up to approximately 3800 barrels per month, which is around 120 barrels per day.

Q How long was the production up in that neighborhood?

A Well, it was --

Q For over a hundred barrels?

A It was over a hundred barrels a day for nearly six months.

Q Now this Welch Duke State No. 1.

A Welch Duke State No. 1 was chosen because it was one of the better wells in the flood, and as you can see from the exhibit, the production from this well went up to over 2,000 barrels per month, or over 300 barrels per day. Therefore, had these been, either of these wells been located in a small waterflood where it was not possible to combine the allowables of several wells, it would have been necessary to curtail the withdrawals from these wells in order to live under 701.

Q Now referring back, really, to your Exhibit No. 2, it shows the location of Graridge's -- I think they call it McNutt State No. 16, which is an offset to your Mershon 3 and 1. When was that well drilled and why do you not have it portrayed on any

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of these exhibits?

A That well was recently drilled, it was drilled approximately two months ago.

Q How much production is being made from this well now?

A The well produced over 2500 barrels in May, and the most recent test which Graridge has on the well was made on the 10th of June. It made 76.65 barrels of oil and 1.1 barrels of water.

Q Is it probable then that it's receiving some response from these two injection wells, 13 and 17?

A Yes, it is.

Q Do you know what the injection rate is on the average throughout this Graridge flood?

A I talked to Mr. Chapman, Graridge's engineer, yesterday, and he said their injection rates were running between 150 and 200 barrels per day into each injection well, and that the maximum pressure was 1100 pounds; and he also said that their injection rate in the No. 13 would run between 150 and 200 barrels per day.

Q Now your application requests buffer zone treatment for your 120-acre project. Is all of that project area, your Waterflood Associates area, located within one-half mile of the Graridge project?

A Yes.

Q It actually directly offsets it?

A Yes.



(Whereupon, Applicant's Exhibit No. 6 marked for identification.)

Q Please refer to Applicant's Exhibit 6 and state what that is.

A Exhibit 6 is a letter from Graridge Corporation to the Oil Conservation Commission dated June 27th, signed by Mr. J. C. Chapman, Waterflood Engineer, and it states that Graridge Corporation supports our application with regard to a buffer zone.

Q Now, Mr. Porter, in your opinion, in your Well No. 3, which is the sole injection well, would you be able to inject corresponding amounts of water into your well as Graridge is injecting into their offset wells and keep your project area under the allowable provisions of 701?

A Well, sir, I feel like that we can certainly inject as much water as they are into their well. However, inasmuch as they are withdrawing rates in excess of Rule 701, if we were to operate under 701, being directly offset, then it would be impossible to keep these two injection wells in balance by injecting reasonably close to the same amount in each well and still keep from having an unbalance across the line.

Q Would this unbalanced situation impair the correlative rights of the royalty and working interest owners underlying your leases?

A Yes, sir, I believe it would.

Q Were Exhibits 1 through 5 prepared by you or under your direction?

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A Yes.

Q And Exhibit 6 is the letter to the Commission?

A Yes.

MR. LOSEE: The Applicant moves the introduction of Exhibits 1 through 6.

MR. UTZ: Without objection, the Exhibits 1 through 6 will be entered into the record of this case.

(Whereupon, Applicant's Exhibits Nos. 1 through 6 entered in evidence.)

MR. LOSEE: That is the Applicant's case.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Porter, referring to your Exhibit 2, you have in Section 20 four wells marked with a dashed circle. Are those future injection wells?

A Yes, sir. That's shown to mean the possible extension of the flood further to the west.

Q That area is not a flood at the present time?

A No, sir, it isn't.

Q However, you do have some of that area leased?

A Yes, sir. We have the well directly offsetting our Mereson State No. 3, which is the Humble No. 1, and then we have four 40's running north and south starting with Well No. 4, 5, and then where a proposed injection well is located, and then the 40 acres to the south which shows Well No. 6 on it.



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Q Who owns the 40 marked "Western Ventures Humble 1-A"?

A That's the Western Ventures, Artesia, New Mexico.

Q So it would be your intention to try to include that in the flood or in your extension?

A No, sir. It's not under application right now. However, we are negotiating to purchase the well marked C. C. Powell just to the west, and in the event we do, we are going to try to pool the interest under the well marked Powell and Western Ventures' well, in order to be able to inject into 1-A when we decide to go further.

Q Now this area in Section 20 which you have just spoken of, would it be your intention to make a new flood out of that, or an extension to this 120-acre flood?

A I would say we will just apply for an extension of the present flood when and if that comes up. Of course, the economics of the further expansion will have to be looked at before we can determine whether or not we want to go ahead and expand the flood to the west.

Q This buffer zone that you are requesting here consists of the 120 acres that you now have, does it not?

A Yes, sir, that's what we are applying for.

Q So that if you extended that flood, in other words, if your request was granted for a buffer zone with capacity allowables, then an extension to that would also have capacity allowables, would it not?



A Well, I sure couldn't answer that question. I don't know, I'm not familiar enough with the rules and regulations to know whether or not it would be entitled --

MR. LOSEE: I can make a statement, Mr. Utz.

MR. UTZ: All right.

MR. LOSEE: My own interpretation, of course, of our application pertains solely to the 120 acres under the express provisions of 701. Although our project was authorized as a separate project it is offset by capacity flood and we feel like that the area at least a half a mile out from the capacity flood, in order to reduce the injection rate, is entitled to buffer zone treatment. Beyond that point our application isn't intended to cover, and I don't think under the present interpretation, at least of 701, that it would cover any further extensions to the west.

MR. MORRIS: If I might interject something here, you realize, Mr. Losee, that any expansion of your project area to the west might be authorized as an expansion, and yet not included within a buffer zone.

MR. LOSEE: Yes.

MR. MORRIS: And therefore the production from those wells might be subject to the allowable provisions of 701.

MR. LOSEE: Yes, sir.

MR. UTZ: Within this 120-acre buffer zone, you are requesting capacity allowables the same as in your Graridge No. 2 Flood?

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MR. LOSEE: Yes.

MR. UTZ: I'm having a little difficulty in my mind as to how we can call it a buffer zone and still have capacity allowables. The buffer zone, it would seem to me, would imply something less than capacity allowables so that you can taper off into an area where Rule 701 would be effective.

MR. LOSEE: Well, I think you have it; frankly, that is the interpretation, I think that's the purpose of the buffer zone. I would agree with you. I don't know of any instance, and maybe you do, I'm not familiar enough with them, in which the Commission has tried to, in a buffer zone, set less than capacity allowables. They have, it seems to me, left it up to the operator, placed the burden on him to reduce his injection rates across this half a mile area so that when he gets beyond it, he's not going to be injecting on the opposite end of the buffer zone at as high rate as the capacity would require.

Q (By Mr. Utz) Mr. Porter, what would be your intention as to the quantity injection that you would, the injection rate, rather, into your Mershon State No. 3?

A Well, we feel like that we need to balance that with the injection in the Graridge No. 13 and we have agreed upon a lease line agreement wherein we agreed to inject the same relative volumes into each well, depending upon their ability to take the water at the plant pressure in order to protect the correlative rights across the lease line.

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Q Whose correlative rights, theirs or yours?

A Both of them, Mr. Utz. Presently we are getting oil moved to our Well No. 1 because they have been injecting for some time up there, and we right now --

Q At the present time, you feel that their correlative rights are not being protected, is that right?

A Well, sir, I feel like they are moving oil to our well, and they are injecting and we are not. However, we weren't then, but we are today. In order to properly balance the injection across the lease line, we need to inject at about the same rates.

Q Do you know whether or not the Graridge Resler-Yates Lease in Section 20 is a part of the No. 2 Unit?

A No. 2 Flood?

Q Yes.

A Yes, sir. That Well No. 31 is an injection well.

Q I don't see No. 31.

MR. LOSEE: I think he's referring to Section 20.

Q (By Mr. Utz) Did I say 21? I meant 20.

A You are referring to the East Half of the Southeast Quarter?

Q Yes.

A No, sir, that has not been drilled. It's undrilled acreage and not part of the flood.

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

MR. MORRIS: No, sir.



MR. UTZ: The witness may be excused.

(Witness excused.)

MR. UTZ: Are there other statements in this case?

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 before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision; and that the same contains a true and correct record of said proceedings to the best of my knowledge, skill and ability.

WITNESS my Hand and Notarial Seal this 3rd day of July, 1962.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:

June 19, 1963.

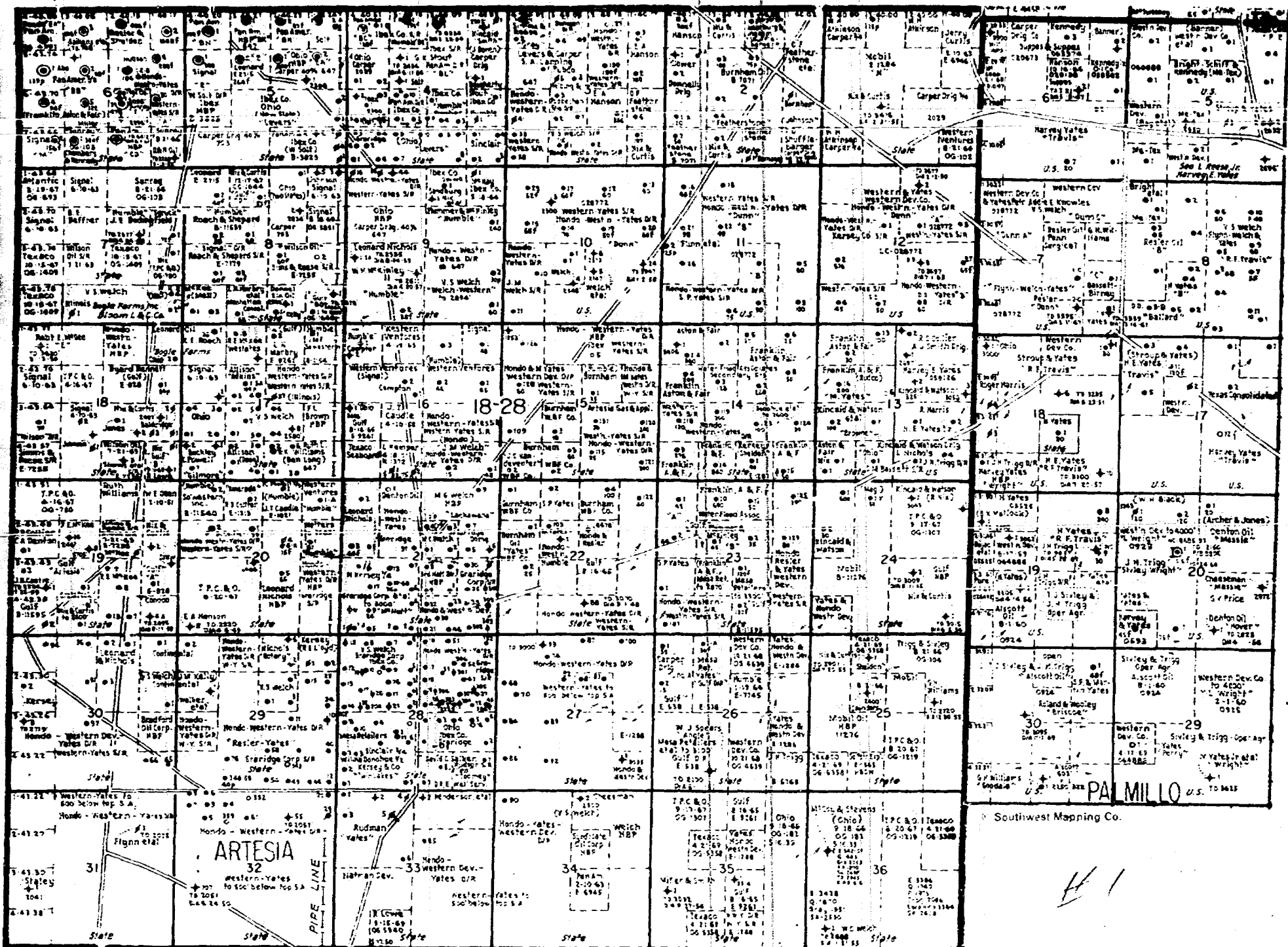
I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2585 heard by me on June 28, 1962
Thurston Examiner
New Mexico Oil Conservation Commission

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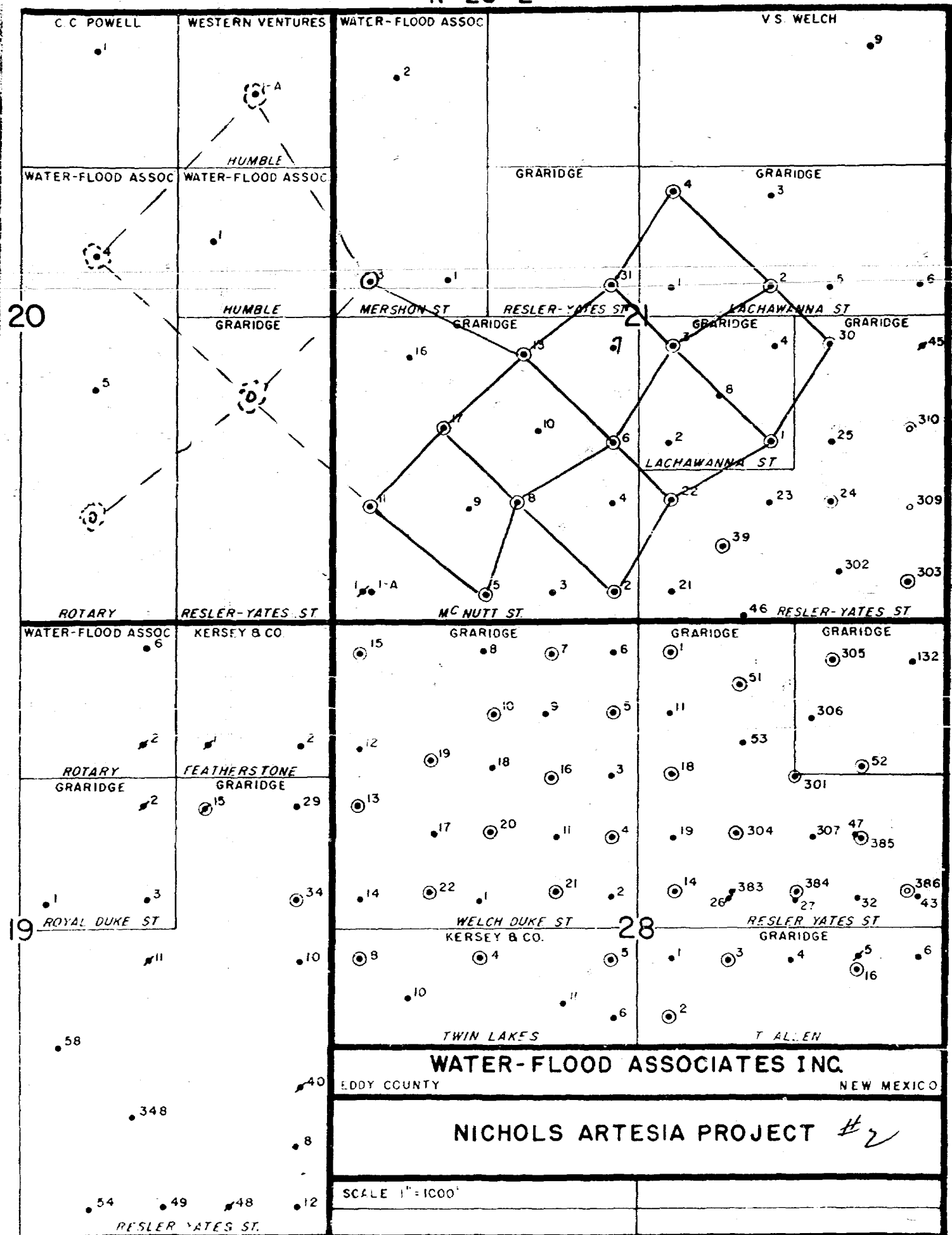




Southwest Mapping Co.

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R-28-E



GRARIDGE CORPORATION

Producers of Oil and Gas

Drawer B
Artesia, New Mexico
June 27, 1962

Oil Conservation Commission
Sante Fe, New Mexico

Gentlemen:

In reference to the application of Water Flood Associates, Inc. concerning their Mereshon State lease in Section 21, 18S, 28E, this is to state that Graridge Corporation supports the application with regard to a buffer zone.

Very truly yours,

GRARIDGE CORPORATION

J. C. Chapman
J. C. Chapman
Waterflood Engr.

JCC:el

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<i>Appl</i>	EXHIBIT NO. <i>6</i>
CASE NO.	<i>2588</i>