

CASE 3574: Application of CIMA  
CAPITAN, INC. for a waterflood  
project, Lea County, N. Mex.

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Case Number.

3574

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Application

Transcripts.

Small Exhibits

ETC.

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
June 6, 1967

EXAMINER HEARING

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IN THE MATTER OF: )  
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Application of Cima Capitan, Inc. for  
a waterflood project, Lea County, New  
Mexico.

Case 3574

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: Case 3574.

MR. HATCH: Case 3574, continued from May 24th Examiner Hearing. Application of Cima-Capitan, Inc. for a water-flood project, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin and Fox, Santa Fe, appearing for the Applicant. We have one witness I would like to have sworn, please.

(Witness sworn.)

HAL PORTER, called as a witness on behalf of the Applicant, first having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A My name is Hal Porter.

Q Mr. Porter, what business are you engaged in?

A I am an Engineer for Cima-Capitan, Incorporated, Artesia.

Q Are you employed by Cima-Capitan, Incorporated?

A I am an officer of Cima-Capitan, yes, sir.

Q Have you testified before the Oil Conservation Commission and made your qualifications a matter of record?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, sir, they are.

(Whereupon, Applicant's Exhibit Number 1 was marked for identification.)

Q (By Mr. Kellahin) Mr. Porter, are you familiar with the application of Cima-Capitan in Case 3574?

A Yes, sir.

Q Briefly, what is proposed by Cima-Capitan in this application?

A We propose to convert one producing well to an injector. Shown on Exhibit 1, it is the Harrison Federal Number 3. This well is located in the center of the Northeast Quarter, Northwest Quarter, Section 3, 17 South, 32 East, and this will be an expansion of an existing flood operated by Standard Oil Company of Texas and in conjunction with our conversion of this well, Standard of Texas will convert two of their wells and we have entered into a lease line cooperative agreement for this purpose.

Q Now, you say it is an expansion of the Standard of Texas flood, actually this acreage is not a part of the Standard of Texas flood, is it?

A No, sir, this is a Cima-Capitan lease.

Q And, you are offsetting the existing floods presently operated by Standard of Texas?

A Yes, that's correct.

Q Now, referring to what has been marked as Exhibit Number 1, would you identify that exhibit, please?

A Exhibit 1 is a plat of the area showing the lease and the well to be converted as a red triangle. The solid triangles are existing water injection wells and the two dashed triangles are the wells that Standard of Texas will convert.

Q They are located in the northern portion of the section, is that correct?

A Yes, sir, under the lease line agreement that we have with them, they will convert their Jackson Federal Number 1 in the Northeast Quarter, Northeast Quarter, Section 3 and their Atlantic Federal Number 2 which is in the Southeast of the Northeast of Section 4.

Q Now, on the acreage designated as Cima-Capitan are all the wells completed in the Grayburg-San Andres formation?

A Yes, they are.

(Whereupon, Applicant's Exhibit Number 2 was marked for identification.)

Q Referring to what has been marked as Exhibit Number 2, would you identify that exhibit?

A Exhibit Number 2 is a plot of the production of Well Number 1. Now, Well Number 1 was drilled in 1949 and had

produced a little more than forty thousand barrels of oil when we bought the lease in 1964. As a matter of fact, it was producing less than five barrels per and then, we drilled Wells 2 and 3 in 1964 and drilled Number 4 in December of 1966. The reason for that plat was, when I applied for administrative approval, I wanted to show that this well had, in fact, responded from the flood to the south.

Q In other words, you attribute the increase in production on that well shown during 1965-66 to the waterflood project carried on by Standard of Texas?

A Yes, sir, I do. This well was what you would call a marginal well, making less than five barrels per day and the well to the west of us, the Number 2 Well mentioned before, was drilled in about 1961, and it had declined down to where it was in a stripper stage, also. We feel that the whole area that we have developed up there was pressured up from the flood. The Roberts field flood, before it was put in the Maljamar field was begun in 1958 and lots and lots of water had been injected.

Q Mr. Porter, is the Number 3 well making any appreciable volume of water at the present time?

A The last test we had on it, which was last month, it made nine barrels of water and nine barrels of oil.

Q And, in your opinion, is it ready for conversion

to an injection well and continuing the flood which was initiated by Standard of Texas?

A Yes, sir, it is. Standard of Texas has asked us to cooperate with them by offset injection. They have agreed to this pattern.

Q And, prior to the response received from this flood, the well was, in your opinion, at a stripper stage, was it?

A Well, sir, the well was not drilled until 1964.

Q I say prior to the response received from the flood, though, was the well a stripper well, in affect, in making five barrels a day.

A Well Number 1 was, yes, sir.

Q Well Number 1?

A Yes, sir.

Q So, the lease was at a stripper stage in your opinion?

A At that time, there was only one well on it and it was, yes, sir.

(Whereupon, Applicant's Exhibit Number 3 was marked for identification.)

Q Now, referring to what has been marked as Exhibit Number 3, would you identify that exhibit?

A Exhibit Number 3 is a gamma ray neutron log of the proposed well to be converted, showing the perforations



in the Grayburg and the perforations in the Lovington-Sand.

(Whereupon, Applicant's Exhibit Number 4 was marked for identification.)

Q Now, referring to what has been marked as Exhibit Number 4, would you identify that exhibit, please?

A Exhibit Number 4 is a schematic drawing of the proposed injection well completion and we would propose that a packer be set on two inch tubing between the Grayburg and the Lovington zones with injection down the casing into the Grayburg and down to the tubing into the Lovington zone, where this practice is being done offsetting us by Standard of Texas. We have checked this with the State Engineer and sent him all of the exhibits and we have stipulated that we would not inject anything but fresh water down the casing.

Q Injection, then, will be through the casing tubing annulus, is that correct?

A That's right, yes, sir.

Q And, this is a type of completion you say that is being used by Standard of Texas at the present time?

A That is correct and the only exception there, in most of their wells, they are dually injecting into the Grayburg zones and they don't have any Lovington in most of their wells. Now, we do have this Lovington Sand, which we want to inject into also. It is very limited throughout the field.

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We have three wells that do have Lovington Sand.

Q And, you will be injecting into the Lovington through the tubing?

A Yes, sir.

Q Now, will you also use fresh water in that zone?

A Yes, sir. Fresh water is all we have available right now.

Q Now, what is your source of water, Mr. Porter?

A Our source of water will be from the Standard of Texas plant. They have offered to sell us pressurized, treated water from their plant, the same water they are injecting and I understand they get their water from the Double Eagle Corporation pipeline. It is Ogallala fresh water.

Q And, what volume of water do you anticipate you will inject?

A I would think we would probably have a total injection of around three-hundred barrels per day, at about twenty-five hundred pounds surface pressure.

Q Is that comparable to the injection rates in the other wells in the Standard of Texas flood?

A Yes, sir, it is. That is where I draw my conclusions from what they have been doing.

(Whereupon, Applicant's Exhibits Number 5 and 6 were marked for identification.)

Q Now, referring to what has been marked as Exhibits Numbers 5 and 6, would you identify those exhibits, please?

A Exhibit 5 is a letter from Standard Oil Company of Texas, stating that they have no objection to the conversion of this well.

Q And Number 6?

A Number 6 is a letter from Mr. Irby, to Mr. Irby stating that I am sending him a copy of the application and all of the exhibits.

Q Did you receive any answer from Mr. Irby in connection with this?

A Yes, sir, I had a copy of the letter to the Secretary-Director of the Oil Conservation Commission --

Q Now, I assume that that answer appears in the case files in this case?

MR. NUTTER: Your assumption is wrong. I don't know where it is. Maybe we have got it, though.

THE WITNESS: Do you want me to read it into the record?

MR. NUTTER: Why don't you read it into the record in the event that we cannot find our copy.

THE WITNESS: It is a letter from Mr. Frank Irby, State Engineer, to Mr. A. L. Porter, with the Oil Commission, "Reference is made to the appliation of Cima-Capitan Incorporated,

which seeks to convert their Harrison Well Number 3, located 1980 feet from the west line, 660 from the north line, Section 3, 17 South, 32 East, to a water injection well. It is noted that the well is planned as a dual injector and that injection into the Grayburg will be through the annulus between the tubing and casing and that there is no cement behind the casing above 1910 feet depth.

Also, it is noted that the application implies that only fresh water will be injected. I respectfully call your attention to the above points and to your letters referring to Orders R-3132 and RA-3178 in March, 1967. Very truly yours,  
S. E. Reynolds by Frank E. Irby."

Q (By Mr. Kellahin) Were Exhibits 1 through 4 prepared by you or under your supervision?

A Yes, sir.

Q And, Exhibits 5 and 6 were letters identified by you in your testimony?

A Yes, sir.

MR. KELLAHIN: At this time, I would like to offer in evidence Exhibits 1 through 6 inclusive.

MR. NUTTER: Cima-Capitan's Exhibits 1 through 6 will be admitted in evidence.

(Whereupon, Applicant's Exhibits 1 through 6 were admitted in evidence.)

MR. KELLAHIN: That's all I have on direct examination.

MR. NUTTER: Are there any questions of Mr. Porter?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Porter, first of all I want to know what this letter creature is up at the top of Exhibit Number 4?

A Mr. Nutter, that is some of my artistic achievements in showing that to be the surface of the ground.

Q And, what is that?

A That is a jackrabbit and a cactus.

Q Very good. Mr. Porter, in the event that you should receive produced water from Standard of Texas, that water in all likelihood would be salt water, would it not?

A Yes, sir. If we have to take produced water, I would like to have the right, or the opportunity to inject it through the tubing beneath the packer and, of course, we would protect the tubing with plastic or cement, but, we have agreed that we will inject only fresh water in the annulus.

Q In no event would produced water go down the annulus, then?

A Yes, sir.

Q Now, if you are using fresh water only, you don't plan any plastic coating or any treatment of the tubing?

A No, sir, I don't see where it would be necessary. We have had lots of experience with corrosion in that fresh water and it is not corrosive at all.

MR. NUTTER: Are there any other questions of Mr. Porter? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further Mr. Kellahin?

MR. KELLAHIN: That's all I have, Mr. Nutter.

MR. NUTTER: We will take the case under advisement.

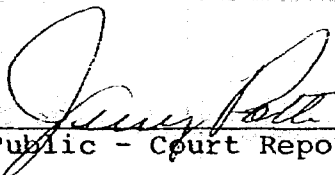
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STATE OF NEW MEXICO )  
 ) SS.  
COUNTY OF BERNALILLO )

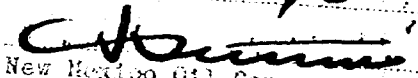
I, JERRY POTTS, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 30<sup>th</sup> day of June, 1967.

  
Notary Public - Court Reporter

My Commission Expires:

7-10-70

I do hereby certify that the foregoing is a complete record of the proceedings in the Hearing of Case No. 3574 held by me on 4/6 1967.  
  
Examiner  
New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

June 13, 1967

C

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

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Dear Sir:

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Reference is made to Commission Order No. R-3254, recently entered in Case No. 3574, approving the Cima Capitan Harrison Maljamar Waterflood Project.

Y

Injection shall be into the one authorized water injection well which will be equipped with tubing and a packer for selective injection into the Grayburg formation and the Lovington sand of the San Andres formation. Injection down the tubing in the lower pay may be either fresh or produced water. Fresh water only however shall be injected through the casing-tubing annulus.

As to allowable, our calculations indicate that when the one authorized injection well has been placed on active injection, the maximum allowable which this project will be eligible to receive under the provisions of Rule 701-E-3 is 168 barrels per day when the Southeast New Mexico normal unit allowable is 42 barrels or less.

Please report any error in this calculated maximum allowable immediately, both to the Santa Fe office of the Commission and the appropriate district proration office.

In order that the allowable assigned to the project may be kept current, and in order that the operator may fully benefit from the allowable provisions of Rule 701, it behooves him to promptly



OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

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Mr. Jason Kellahin  
Kellahin & Fox  
Attorneys at Law  
Santa Fe, New Mexico  
June 13, 1967

C notify both of the aforementioned Commission offices by letter of  
any change in the status of wells in the project area, i.e., when  
active injection commences, when additional injection or producing  
wells are drilled, when additional wells are acquired through pur-  
O chase or unitization, when wells have received a response to water  
injection, etc.

Your cooperation in keeping the Commission so informed as to the  
status of the project and the wells therein will be appreciated.

P

Very truly yours,

Y

A. L. PORTER, Jr.  
Secretary-Director

ALP/DSN/ir

cc: Mr. Frank Irby  
State Engineer Office  
Santa Fe, New Mexico

Oil Conservation Commission  
Post Office Box 1980  
Hobbs, New Mexico

U. S. Geological Survey  
Artesia, New Mexico

State of New Mexico  
Oil Conservation Commission



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

June 8, 1967

Re: Case No. 3574  
Order No. R-3254  
Applicant:  
CIMA CAPITAN, INC.

Enclosed herewith is a copy of the above-referenced Commission order recently entered in the subject case. Letter pertaining to conditions of approval and maximum allowable to follow.

A. L. Porter, Jr.  
A. L. PORTER, Jr.  
Secretary-Director

Carbon copy of order also sent to:

Other \_\_\_\_\_

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. 3574  
Order No. R-3254

APPLICATION OF CIMA CAPITAN, INC.,  
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 June 6, 1967,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 8th day of June, 1967, 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, Cima Capitan, Inc., seeks permission  
to institute a waterflood project in the Maljamar Pool by the  
injection of water into the Grayburg-San Andres formations through  
its Harrison Well No. 3, located in Unit C of Section 3, Township  
17 South, Range 32 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.

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CASE No. 3574  
Order No. R-3254

(5) 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, Cima Capitan, Inc., is hereby authorized to institute a waterflood project in the Maljamar Pool by the injection of water into the Grayburg-San Andres formations through its Harrison Well No. 3, located in Unit C of Section 3, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

(2) That the subject waterflood project is hereby designated the Cima Capitan Maljamar Harrison Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.


(3) 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.

(4) 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

  
DAVID F. CARGO, Chairman

  
GUYTON B. HAYS, Member

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



esr/

Docket No. 17-67

DOCKET: EXAMINER HEARING - TUESDAY - JUNE 6, 1967

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

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

CASE 3592: Application of Anne Burnett Windfohr, dba Windfohr Oil Company, for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the San Andres formation through eight wells in Sections 13, 14 and 24, Township 17 South, Range 30 East, Grayburg-Jackson Pool, Eddy County, New Mexico. Applicant further seeks an administrative procedure for future expansion of said project.

CASE 3584: (Continued and Readvertised)

Application of Gulf Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Eddy "BD" State Well No. 1 at an unorthodox location 660 feet from the South line and 990 feet from the East line of Section 32, Township 20 South, Range 30 East, in an undesignated Strawn gas pool, Eddy County, New Mexico.

CASE 3578: (Continued and Readvertised)

Application of Texas Pacific Oil Company for several non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the dedication and rededication of certain acreage and the establishment of the following non-standard gas proration units in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

A 120-acre non-standard gas proration unit comprising the N/2 NE/4 and the SE/4 NE/4 of Section 7, to be dedicated to the State "A" A/c-2 Well No. 5, located in Unit A of said Section 7, and also to the State "A" A/c-2 Well No. 6 located in Unit B of said Section 7;

A 160-acre non-standard gas proration unit comprising the W/2 W/2 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 41, located in Unit M of said Section 5;

An 80-acre non-standard gas proration unit comprising the E/2 NW/4 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 44, located in Unit F of said Section 5;

A 160-acre non-standard gas proration unit comprising the N/2 SE/4 and the E/2 SW/4 Section 5, to be dedicated to the State "A" A/c-2 Well No. 28, located in Unit I of said Section 5;

Case 3578 continued

An 80-acre non-standard gas proration unit comprising the S/2 SE/4 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 27, located in Unit P of said Section 5;

A 160-acre non-standard gas proration unit comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 54, located in Unit O of said Section 8;

A 160-acre non-standard gas proration unit comprising the S/2 NW/4, NE/4 SW/4, and NW/4 SE/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 56, located in Unit J of said Section 8;

An 80-acre non-standard gas proration unit comprising the S/2 NE/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 43, located in Unit H of said Section 8;

An 80-acre non-standard gas proration unit comprising the N/2 NW/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 49, located in Unit C of said Section 8;

A 240-acre non-standard gas proration unit comprising the NE/4 and E/2 NW/4 Section 9, to be dedicated to the State "A" A/c-2 Well No. 40, located in Unit A of said Section 9;

A 240-acre non-standard gas proration unit comprising the E/2 SE/4 Section 8, and the SW/4 Section 9, to be dedicated to the State "A" A/c-2 Well No. 38, located in Unit K of said Section 9;

A 160-acre non-standard gas proration unit comprising the N/2 NE/4 Section 8, and the W/2 NW/4 Section 9, to be dedicated to the State "A" A/c-2 Well No. 29, located in Unit D of said Section 9.

CASE 3579: (Continued from the May 24th Examiner Hearing)

Application of Texas Pacific Oil Company for three dual completions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State "A" A/c-2 Wells Nos. 28, 54, and 29, located in Unit I of Section 5, Unit O of Section 8, and Unit D of Section 9, respectively, Township 22 South, Range 36 East, Lea County, New Mexico, in such a manner as to produce gas from the Jalmat Gas Pool and oil from the South Eunice Oil Pool.

CASE 3593: Application of Amerada Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Monument Paddock and Monument Blinbry Oil Pools in the wellbore of its L. M. Lambert Well No. 8 located in Unit G of Section 6, Township 20 South, Range 37 East, Lea County, New Mexico, with the assignment of a single allowable to said commingled production.

CASE 3594: Application of Amerada Petroleum Corporation for an Ogallala oil proration unit, special rules for said unit and authority for fresh water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the SE/4 NW/4 of Section 30, Township 18 South, Range 38 East, Lea County, New Mexico, as a 40-acre proration unit for production of oil from the Ogallala formation. Applicant also seeks the establishment of special rules governing said 40-acre tract including a maximum density of one well per 0.625-acre with a provision that wells should be drilled no nearer than 82.5 to the outer boundary of the unit and no nearer than 165 feet to another well producing from the same formation, provided that an exception should be made for existing wells on said 40-acre tract which are not located in conformance with said spacing rules. Applicant also seeks a temporary exception to Rule 307 for each well to permit utilization of a vacuum-type drilling unit during the drilling and completion operations. Applicant also seeks authority to produce the wells at capacity even though the aggregate production from said wells exceeds the 40-acre normal unit allowable. Applicant further seeks authority to dispose of fresh water produced with the oil back into the Ogallala formation through an injection well or wells located no nearer than 330 feet to the outer boundaries of the 40-acre tract.

CASE 3595: Application of Ernest A. Hanson for acreage rededication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rededication of the SE/4 NW/4 of Section 19, Township 22 South, Range 38 East for the production of oil from the Blinebry Oil Pool, said 40-acre unit to be dedicated to applicant's Gutman Well No. 4, formerly the Gulf Oil Corporation's Max Gutman Well No. 3. This acreage is presently dedicated as a part of a 160-acre standard gas proration unit in the Blinebry Gas Pool to Gulf Oil Corporation's Max Gutman Well No. 2 located in Unit C of said Section 19.

CASE 3350: (Reopened)

In the matter of Case No. 3350 being reopened pursuant to the provisions of Orders Nos. R-3021 and R-3021-A, which orders established 80-acre spacing units for the Young-Wolfcamp Pool and the Young-Bone Spring Pool, Lea County, New Mexico, respectively, for a period of one year. All interested parties may appear and show cause why said pools should not be developed on 40-acre spacing units.

CASE 3596: Application of Tenneco Oil Company for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its Jicarilla "B" Well No. 8 at a point 790 feet from the North line and 2510 feet from the East line of Section 15, Township 26 North, Range 5 West, Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico.

-4- Examiner Hearing - June 6, 1967

Docket No. 17-67

CASE 3574: (Continued from May 24th Examiner Hearing)

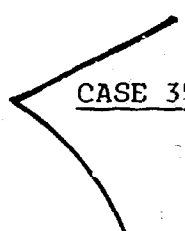
Application of Cima Capitan, Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formations through one well located in Unit C of Section 3, Township 17 South, Range 32 East, Maljamar Pool, Lea County, New Mexico.



DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 24, 1967

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, Alternate Examiner:

- CASE 3572: Application of Jones Exploration Company for a dual completion and for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State Well No. 1 located in Unit H of Section 35, Township 17 South, Range 35 East, Vacuum Field, Lea County, New Mexico, in such a manner as to permit the production of Abo Reef oil through the tubing and the disposal of produced salt water down the casing-tubing annulus into the Paddock formation in the perforated interval from 6955 to 6995 feet.
- CASE 3573: Application of Aztec Oil & Gas Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the South Corbin Strawn Oil Pool, including a provision for 160-acre proration units and the establishment of a 4000 to one gas-oil ratio limitation.
-  CASE 3574: Application of Cima Capitan, Inc. 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 formations through one well located in Unit C of Section 3, Township 17 South, Range 32 East, Maljamar Pool, Lea County, New Mexico.
- CASE 3575: Application of Harvey E. Yates for a triple completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the triple completion of his Stebbins Deep Federal Well No. 1 located in Unit H of Section 30, Township 20 South, Range 29 East, Eddy County, New Mexico, to produce oil from the Scanlon Delaware Oil Pool through one string of tubing and to selectively produce gas from an undesignated Strawn gas pool and from an undesignated Morrow gas pool through another string of tubing. Selective production of one of the two gas zones at a time would be accomplished by means of a sliding side door and tubing plug.
- CASE 3576: Application of Jomar Industries, Inc. for water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, has proposed to drill certain wells in the S/2 NW/4 SE/4 and the N/2 SW/4 SE/4 of Section 30, Township 18 South, Range 38 East, Lea County, New Mexico, for production of oil from the Ogallala formation. Applicant anticipates that fresh water will be produced from the Ogallala formation incidental to the production of said oil and now seeks authority to dispose of said water back into the Ogallala formation through an injection well or wells to be located no nearer than 330 feet to the outer boundaries of the above-described acreage.

CASE 3577: Application of El Paso Natural Gas Company for four non-standard units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following non-standard gas proration units in Township 29 North, Range 7 West, Basin-Dakota Gas Pool, Rio Arriba County, New Mexico:

A 327.78-acre non-standard unit comprising the W/2 of Section 6 and the NW/4 of Section 7, to be dedicated to the San Juan 29-7 Unit Well No. 100 located 790 feet from the South line and 950 feet from the West line of said Section 6;

A 345.19-acre non-standard unit comprising the SW/4 of Section 7 and the W/2 of Section 18;

A 361.64-acre non-standard unit comprising the W/2 of Section 19 and the NW/4 of Section 30;

A 375.28-acre non-standard unit comprising the SW/4 of Section 30 and the W/2 of Section 31.

Each of the latter three non-standard units will be dedicated to a well to be drilled at an as yet undetermined standard location on the respective unit.

CASE 3578: Application of Texas Pacific Oil Company for several non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the dedication and rededication of certain acreage and the establishment of the following non-standard gas proration units in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

A 120-acre non-standard gas proration unit comprising the N/2 NE/4 and the SE/4 NE/4 of Section 7, to be dedicated to the State "A" A/c-2 Well No. 5, located in Unit A of said Section 7, and also to the State "A" A/c-2 Well No. 6 located in Unit B of said Section 7;

A 160-acre non-standard gas proration unit comprising the W/2 W/2 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 41, located in Unit M of said Section 5;

An 80-acre non-standard gas proration unit comprising the E/2 NW/4 Section 5, to be dedicated to the State "A" A/c-2 Well No. 44, located in Unit F of said Section 5;

A 160-acre non-standard gas proration unit comprising the N/2 SE/4 and the E/2 SW/4 Section 5, to be dedicated to the State "A" A/c-2 Well No. 28, located in Unit I of said Section 5;

(Case 3578 continued)

An 80-acre non-standard gas proration unit comprising the S/2 SE/4 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 27, located in Unit P of said Section 5;

A 160-acre non-standard gas proration unit comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 54, located in Unit O of said Section 8;

A 160-acre non-standard gas proration unit comprising the S/2 NW/4, NE/4 SW/4, and NW/4 SE/4 of Section 8, to be dedicated to the State "A" A/c-2 Well No. 56, located in Unit J of said Section 8;

An 80-acre non-standard gas proration unit comprising the S/2 NE/4 of Section 8, to be dedicated to the State "A" A/c-2 Well No. 43, located in Unit H of said Section 8;

An 80-acre non-standard gas proration unit comprising the N/2 NW/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 49, located in Unit C of said Section 8;

A 240-acre non-standard gas proration unit comprising the NE/4 and E/2 NW/4 of Section 9, to be dedicated to the State "A" A/c-2 Well No. 40, located in Unit A of said Section 9;

A 240-acre non-standard gas proration unit comprising the E/2 SE/4 Section 8, and the SW/4 Section 9, to be dedicated to the State "A" A/c-2 Well No. 38, located in Unit K of said Section 9;

A 160-acre non-standard gas proration unit comprising the N/2 NE/4 Section 8, and the W/2 NW/4 of Section 9, to be dedicated to the State "A" A/c-2 Well No. 29, located in Unit D of said Section 9.

CASE 3579: Application of Texas Pacific Oil Company for three dual completions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State "A" A/c-2 Wells Nos. 28, 54, and 29, located in Unit I of Section 5, Unit O of Section 8, and Unit D of Section 9, respectively, Township 22 South, Range 36 East, Lea County, New Mexico, in such a manner as to produce gas from the Jalmat Gas Pool and oil from the South Eunice Oil Pool.

CASE 3580: Application of Sunray DX Oil Company for a waterflood project, Eddy 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 through one well located in Unit C of Section 17, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

- CASE 3581: Application of Sunray DX Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation from 4248 feet to 4286 feet in its Harris State Well No. 5 located in Unit I of Section 23, Township 10 South, Range 32 East, Mescalero-San Andres Pool, Lea County, New Mexico.
- CASE 3582: Application of Tenneco Oil Company for two unorthodox gas well locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Blanco-Mesaverde Gas Pool location of its Jicarilla C Well No. 6, located 1780 feet from the North line and 1455 feet from the West line of Section 14, and its Jicarilla C Well No. 4 located 1650 feet from the North and West lines of Section 24, all in Township 26 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 3583: Application of Stoltz & Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the North Bagley-Lower Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.
- CASE 3584: Application of Gulf Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Eddy "BD" State Well No. 1 at an unorthodox location 660 feet from the South line and 990 feet from the East line of Section 32, Township 20 South, Range 30 East, in an undesignated Strawn gas pool, Eddy County, New Mexico.
- CASE 3585: Application of Gulf Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the force-pooling of all mineral interests in the North Bagley-Pennsylvanian Oil Field, SW/4 SE/4 and SE/4 SE/4 of Section 9, Township 11 South, Range 33 East, Lea County, New Mexico, to be dedicated to the Lea State "OE" Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the East line of said Section 9.
- CASE 3586: Application of Morris R. Antweil for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Malaga Unit Area comprising 839 acres, more or less, of Federal and Fee lands in Sections 12 and 13, Township 24 South, Range 28 East, and Sections 7 and 18, Township 24 South, Range 29 East, Eddy County, New Mexico.
- CASE 3587: Application of Morris R. Antweil for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Delaware Sand through seven injection wells located in Sections 12 and 13, Township 24 South, Range 28 East, and Section 18, Township 24 South, Range 29 East, Malaga Pool, Eddy County, New Mexico.

- CASE 3588: Application of Pan American Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the unorthodox location in an undesignated Morrow and/or Devonian gas pool for its Poker Lake Unit Federal Well No. 26 at a location 660 feet from the South and East lines of Section 28, Township 24 South, Range 31 East, Eddy County, New Mexico, to be dedicated to a standard unit comprising the S/2 of said Section 28.
- CASE 3589: Application of Claude C. Kennedy for special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special pool rules for the Slick Rock-Dakota Oil Pool comprising the S/2 SE/4 of Section 36, Township 30 North, Range 17 West, including a provision for development on 2 1/2 acre spacing with the provision that each 40-acre tract be subject to the Northwest New Mexico normal unit allowable.
- CASE 3590: Application of Texaco Inc. for a pilot waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project by the injection of water into the Pennsylvanian formation in the interval from 9650 feet to 9800 feet in its State BV Well No. 1 located in Unit E of Section 26, Township 13 South, Range 33 East, Lazy-J Pennsylvanian Pool, Lea County, New Mexico.
- CASE 3591: Application of Anadarko Production Company for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Langlie-Mattix Penrose Sand Unit Waterflood Project by the injection of water into the Penrose Sand through eight additional injection wells located in Sections 20, 28, 29, 32, and 33, all in Township 22 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.

cima **CAPITAN** incorporated

(N.S.L.)

310 BOOKER BUILDING  
POST OFFICE DRAWER 1343

ARTESIA, NEW MEXICO

AREA CODE 505  
TELEPHONE 748-1177

April 20, 1967

Oil Conservation Commission  
Box 2088,  
Santa Fe, New Mexico

Attn: Mr. Dan S. Nutter, Chief Engineer

Dear Mr. Nutter:

Pursuant to Rule 701-E-5, please consider this letter as our application for the conversion of our Harrison Well No. 3, located 1980 feet from the west line and 660 feet from the north line, Section 3, T17S, R32E, Lea County, New Mexico, from a producing oil well to a water injection well. This lease offsets the Standard of Texas (formerly Leonard Nichols) water flood project, as shown on the plat marked Exhibit No. 1. Application is made for administrative approval of said conversion and should be eligible for such approval since our Harrison No. 1, which directly offsets this well has responded to flood as shown by the production curve marked Exhibit No. 2.

Exhibit No. 3, a log of the well, shows the Grayburg and Lovington zones into which water will be injected. The method of injection will be as shown in Exhibit No. 4, a schematic drawing of the proposed method.

The well was drilled in July, 1964. 8-5/8" casing is at 348 feet and cemented to the surface. 5-1/2" casing is set at 4390 feet and cemented with 300 sacks. Theoretical top of the cement is at 1910 feet. It is planned to set a packer on 2" EUE tubing between the zones and inject both down the annulus and beneath the packer.

The casing and tubing are in excellent condition and both were tested to 3000psi. This completion will effectively protect any fresh water zones, and it is planned to inject only fresh water down the annulus.

Water will be secured from the Standard of Texas water plant, which is using only fresh water.

Injection rates will be on the order of 150 barrels per day per zone at a pressure of approximately 2500 psi.

Exhibit No. 5 is a copy of a letter from Standard of Texas, the only offset producer, stating that they have no objection to this conversion.

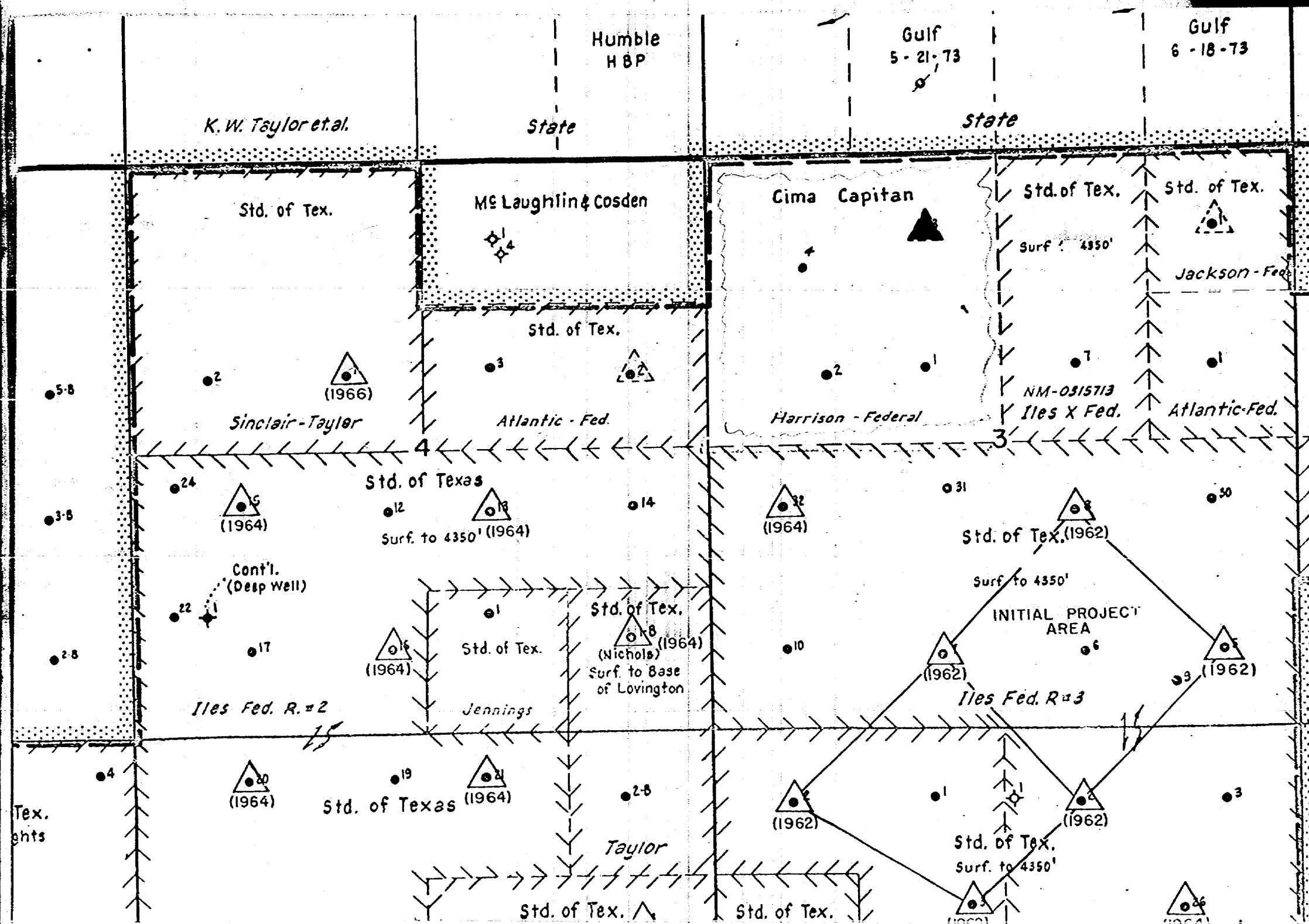
I am sending a copy of this letter to Mr. Frank E. Irby, State Engineers Office, asking his concurrence with the application.

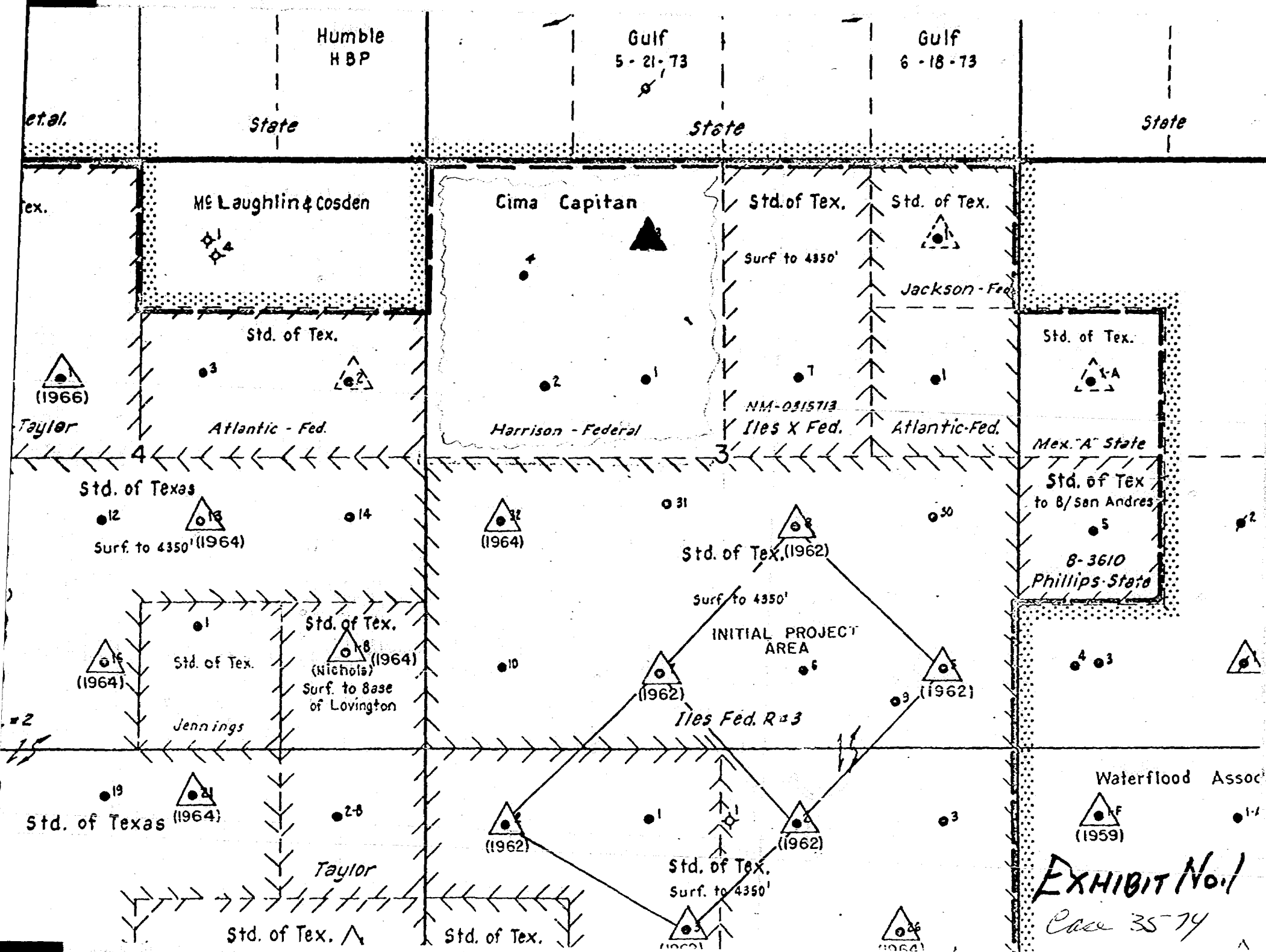
Very Truly Yours,

Cima Capitan, Inc.,

*Hal C. Porter*  
Hal C. Porter

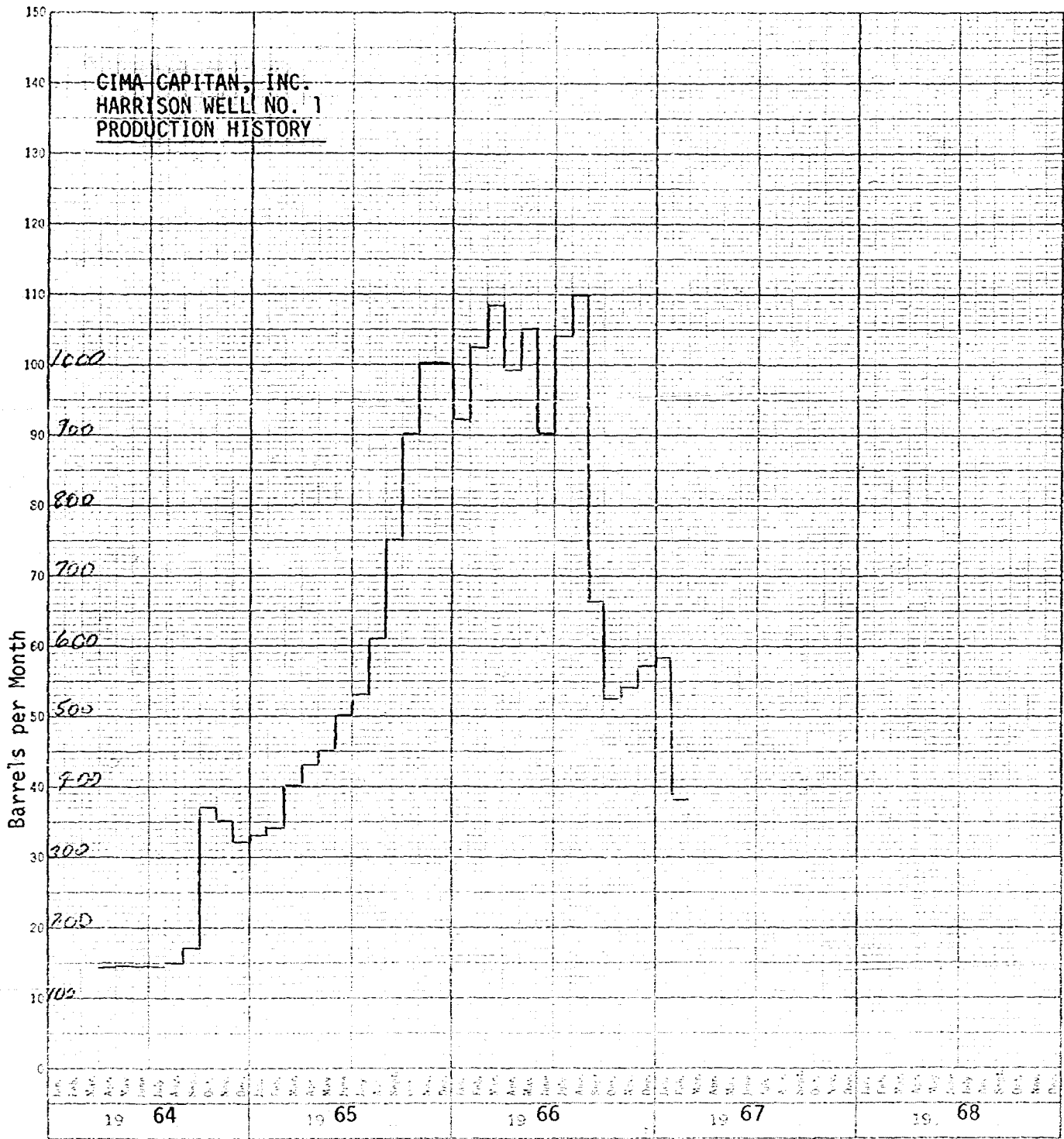
HCP/jr



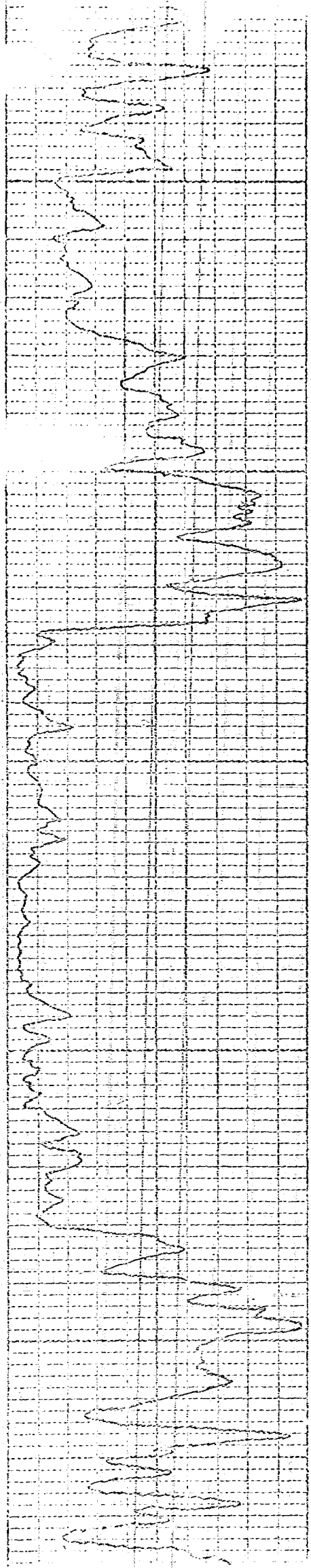




5 YEARS BY MONTHS 353.190  
X 150 DIVISIONS  
SUFFICIENT FOR 150 MONTHS



**EXHIBIT No. 2**  
Sheet 35-74



4150

GRA-BOSS

4200

T/SA

4250

LOW-BOSS

Gamma Ray-Neutron Log  
Cima Geomatics, Inc.

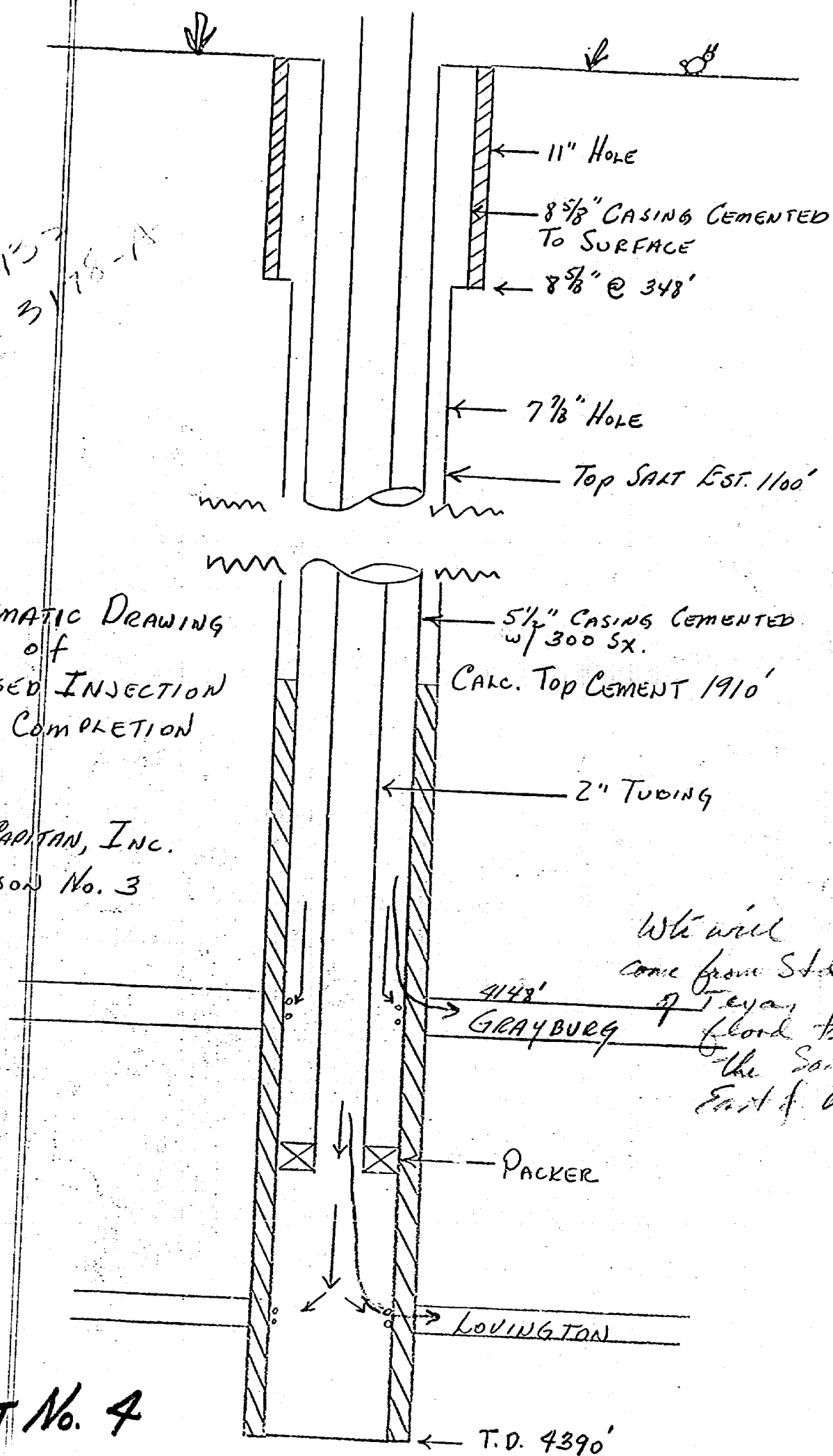
Chas 3574  
EXHIBIT No. 3

R 3157  
K-3176-A

SCHEMATIC DRAWING  
of  
PROPOSED INJECTION  
WELL COMPLETION

CIMA CAPITAN, INC.  
HARRISON No. 3

EXHIBIT No. 4



Case 3574



# STANDARD OIL COMPANY OF TEXAS

A DIVISION OF CHEVRON OIL COMPANY

P. O. BOX 1660 MIDLAND TEXAS 79701

April 11, 1967

Cima Capitan, Incorporated  
P. O. Drawer 1343  
Artesia, New Mexico 88210

Attention: Mr. Hal C. Porter, Vice President

Dear Mr. Porter:

In regard to your application to inject water into the Grayburg Formation in the Cima Capitan Harrison-Federal Well #3 in the Maljamar Grayburg Field, Standard Oil Company of Texas has no objections.

Yours very truly,

*J. R. Graham*  
J. R. Graham  
Division Production Supt.

JAS:skc

cc: Mr. C. N. Segnar, Attn. Mr. P. W. Hull, Houston  
Mr. C. F. Kirkvold, Snyder

EXHIBIT No. 5  
Case 35-74

cima **CAPITAN** incorporated  
(N.S.L.)

310 BOOKER BUILDING  
POST OFFICE DRAWER 1343

ARTESIA, NEW MEXICO

AREA CODE 505  
TELEPHONE 748-1177

April 20, 1967

Mr. Frank E. Irby, Chief  
Water Rights Division  
State Engineer Office  
State Capitol  
Santa Fe, New Mexico

Dear Mr. Irby:

I am enclosing a copy of our application for administrative approval for conversion of a well to water injection in the Maljamar Grayburg water-flood area of Lea County.

If there is any question as to this proposal which are not answered in the application or the Exhibits please call me collect at Artesia, 748-1125.

Thank you so much for your consideration of this application.

Very Truly Yours,

Cima Capitan, Inc.,

  
Hal C. Porter

HCP/jr

*Chc 3574*



STATE OF NEW MEXICO

STATE ENGINEER OFFICE

SANTA FE

S. E. REYNOLDS  
STATE ENGINEER

April 27, 1967

ADDRESS CORRESPONDENCE TO:  
STATE CAPITOL  
SANTA FE, NEW MEXICO 87501

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

Dear Mr. Porter:

Reference is made to the application of Cima Capitan, Inc., which seeks to convert their Harrison well No. 3, 1980' FWL and 660' FNL, Sec. 3, T. 17 S., R. 32 E., to a water injection well.

It is noted that the well is planned as a dual injector and that injection into the Grayburg will be through the annulus between the tubing and casing and that there is no cement behind the casing above the 1910' depth. Also, it is noted that the application implies that only fresh water will be injected.

I respectfully call your attention to the above points and to your letters referring to Orders R-3132 and RA-3178 in March 1967.

FEI/ma  
cc-F. H. Hennighausen  
Cima Capitan, Inc.

Yours truly,

S. E. Reynolds  
State Engineer

By:

*Frank E. Irby*  
Frank E. Irby  
Chief  
Water Rights Div.

APR 28 AM 8 06

*Case File 3574*

CLASS OF SERVICE  
This fast message  
unless deferred char-  
acter is indicated by the  
proper symbol.

# WESTERN UNION

## TELEGRAM

W. P. MARSHALL  
CHAIRMAN OF THE BOARD

W. McFALL  
(09).

SYMBOLS  
DL=Day Letter  
NL=Night Letter  
LT=International  
Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

LA036 NSB124

MAY 22 AM 10 27

NS EPA126 PDA=ARTESIA NMEX 22 902A MDT=

DAN NUTTER=

CARE OIL CONSERVATION COMMISSION SANTA FE NMEX=

PLEASE SET CASE 3574 AT THE FIRST HEARING DATE IN JUNE  
RATHER THAN MAY 24=

CIMA CAPITAN INC H C PORTER=

MAY 22 AM 11

MAIN OFFICE

RM

WU1201(R2-65)

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS  
1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO



BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
EXAMINER HEARING

May 24, 1967

IN THE MATTER OF:

Application of Cima Capitan, Inc. )  
for a waterflood project, Lea )  
County, New Mexico. )

Case No. 3574

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING



dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87101  
1400 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

PAGE 2

MR. UTZ: We will take care of the dismissals and continuances first. We have four continuances and one dismissal. Case 3574.

MR. HATCH: Application of Cima Capitan, Inc. for a waterflood project, Lea County, New Mexico.

If the Examiner please, the applicant has requested that this case be continued to June 6, 1967.

MR. UTZ: Without objection the Case 3574 will be continued to the June 6th hearing.

STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

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 Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 6th day of June, 1967.

*Ada Dearnley*  
NOTARY PUBLIC

My Commission Expires:  
June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Bernalillo Hearing of Case No. 3-5-74 heard by me on *April 24*, 1967.

*[Signature]*, Examiner  
New Mexico Oil Conservation Commission

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87101  
1400 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

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

April 27, 1967

*Case 3574*

C

O

Mr. Hal C. Porter  
Cima Capitan Incorporated  
310 Booker Building  
Post Office Drawer 1343  
Artesia, New Mexico

DOCKET MAILED

Date 5-12-67

P

Dear Mr. Porter:

Y

Your application dated April 20, 1967 is not eligible for administrative approval, and therefore we are docketing it for the May 24th examiner hearing.

Very truly yours,

DANIEL S. NUTTER  
Chief Engineer

DSN/ir

DOCKET MAILED

Date 5-25-67

DOCKET MAILED

Date 5-25-67



# STANDARD OIL COMPANY OF TEXAS

A DIVISION OF CHEVRON OIL COMPANY

P. O. BOX 1660 MIDLAND TEXAS 79701

April 11, 1967

Cima Capitan, Incorporated  
P. O. Drawer 1343  
Artesia, New Mexico 88210

Attention: Mr. Hal C. Porter, Vice President

Dear Mr. Porter:

In regard to your application to inject water into the Grayburg Formation in the Cima Capitan Harrison-Federal Well #3 in the Maljamar Grayburg Field, Standard Oil Company of Texas has no objections.

Yours very truly,

*J. R. Graham*  
J. R. Graham  
Division Production Supt.

JAS:skc

cc: Mr. C. N. Segnar, Attn. Mr. P. W. Hull, Houston  
Mr. C. F. Kirkvold, Snyder

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 5  
CASE NO. 3574

EXHIBIT No. 5  
Case 3574

cima **CAPITAN** incorporated  
(N.S.L.)

310 BOOKER BUILDING  
POST OFFICE DRAWER 1343

ARTESIA, NEW MEXICO

AREA CODE 505  
TELEPHONE 748-1177

April 20, 1967

Mr. Frank E. Irby, Chief  
Water Rights Division  
State Engineer Office  
State Capitol  
Santa Fe, New Mexico

Dear Mr. Irby:

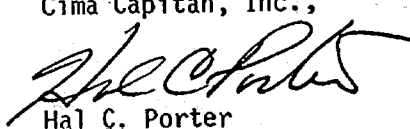
I am enclosing a copy of our application for administrative approval for conversion of a well to water injection in the Maljamar Grayburg water-flood area of Lea County.

If there is any question as to this proposal which are not answered in the application or the Exhibits please call me collect at Artesia, 748-1125.

Thank you so much for your consideration of this application.

Very Truly Yours,

Cima Capitan, Inc.,

  
Hal C. Porter

HCP/jr

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	6
CASE NO.	3574

Case 3574