

Entered February 17, 1958
A.P.

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. 1381
Order No. R-1127

APPLICATION OF KERSEY AND COMPANY
FOR THE ASSIGNMENT OF A UNIT ALLOWABLE
TO THE RED LAKE PREMIER SAND UNIT IN
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 11, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, 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 12th day of February, 1958, 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, Kersey and Company, was authorized by Order No. R-568 dated January 13, 1955, to institute a pilot water flood project in the Grayburg formation of the Red Lake Pool in Section 20, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

(3) That the Commission by Order No. R-938 dated January 16, 1957, approved the formation of the Red Lake Premier Sand Unit for purposes of secondary recovery, which unit comprises the following described acreage

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 19: SE/4
Section 20: NE/4 NW/4, S/2 NW/4, NE/4, and S/2
Section 21: SW/4 NW/4, SW/4, and W/2 SE/4
Section 28: NW/4, NW/4 NE/4, and NW/4 SW/4
Section 29: N/2
Section 30: NE/4

all in Eddy County, New Mexico.

(4) That Order No. R-938 also authorized the Commission to give administrative approval for any subsequent expansion of the initial pilot water flood project referred to above.

(5) That at the present time there are eleven authorized water injection wells within the limits of the Red Lake Premier Sand Unit, to-wit:

Lease	Well No.	Unit	Sec.	Twp.	Rge.
Thompson	1	K	20	17S	28E
Thompson	2	L	20	17S	28E
Thompson	3	N	20	17S	28E
Thompson	4	M	20	17S	28E
Hartley	4	I	20	17S	28E
Delhi-Reid	1	F	20	17S	28E
Welch-Reid	1	G	20	17S	28E
Welch-Stephens	2	H	20	17S	28E
Scannell-Shell	2	P	20	17S	28E
Welch	10	L	21	17S	28E
Welch	13	M	21	17S	28E

(6) That the injection of water into the Premier Sand of the Grayburg formation through the eleven wells described above has caused an increase in the producing capacity of the producing wells offsetting said injection project to the extent that certain of said wells are now capable of producing considerably in excess of the daily top unit allowable for said wells.

(7) That the preponderance of the evidence indicates that waste may occur if the production from the wells affected by the above-described water flood project is curtailed.

(8) That there are thirty-six "developed 40-acre proration units" in the above-described Red Lake Premier Sand Unit, a "developed 40-acre proration unit" being defined as a 40-acre tract on which there is at least one producing well or one authorized water injection well.

(9) That the original application in this case requested that the Red Lake Premier Sand Unit be assigned an allowable to be determined by multiplying the number of developed 40-acre proration units times the top unit allowable for the Red Lake Pool.

(10) That the applicant amended its application at the hearing in this case to limit the maximum allowable which may be assigned to the Red Lake Premier Sand Unit to an amount to be determined by multiplying the number of 40-acre tracts on which there is located an authorized injection well plus the number of developed 40-acre proration units which either directly or diagonally offset the 40-acre tracts on which said injection wells are located times the top unit allowable for the Red Lake Pool, said maximum unit allowable to be produced in any proportion from any well or wells in the Red Lake Premier Sand Unit.

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(11) That approval of the subject application will not impair correlative rights.

(12) That the subject application, as amended, should be approved.

(13) That the daily allowable for the wells in the Red Lake Premier Sand Unit for any given month should be assigned in accordance with the nominations of the unit operator as filed on Form C-127, provided that the total allowable for the Red Lake Premier Sand Unit should not exceed the maximum unit allowable derived in the manner set forth above.

IT IS THEREFORE ORDERED:

(1) That the wells in the Red Lake Premier Sand Unit be assigned an allowable equal to the nominations of the unit operator as filed on Form C-127;

PROVIDED HOWEVER, That in no event shall the total allowable assigned to the wells in the Red Lake Premier Sand Unit be greater than an amount to be determined by multiplying the number of 40-acre tracts on which there is located an authorized injection well plus the number of developed 40-acre proration units which either directly or diagonally offset the 40-acre tracts on which said injection wells are located times the top unit allowable for the Red Lake Pool;


PROVIDED FURTHER, That the allowable which is assigned to the Red Lake Premier Sand Unit may be produced from any well or wells in said unit in any proportion.

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

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