

*Entered August 1, 1972*  
*C.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 NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 4774  
Order No. R-3867-B

APPLICATION OF AMOCO PRODUCTION  
COMPANY FOR A PRESSURE MAINTENANCE  
PROJECT EXPANSION, CHAVES COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 26, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 7th day of August, 1972, 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 by Order No. R-3867, the applicant, Amoco Production Company, was authorized to institute its Cato Baskett Pressure Maintenance Project in the Cato-San Andres Pool on its Baskett "D" Lease in Chaves County, New Mexico, by the injection of water into the San Andres formation through one well located in Unit I of Section 11, Township 8 South, Range 30 East, NMPM.

(3) That by Order No. 3867-A the above-described pressure maintenance project area was expanded and two additional injection wells received approval.

(4) That the applicant now seeks authority to expand the project area of said Cato Baskett Pressure Maintenance Project to include additional lands in said Section 11 and to institute a pressure maintenance project on its C. S. Wasley lease in Section 14 by the conversion to water injection of four additional

-2-

Case No. 4774

Order No. R-3867-B

wells located in said Sections as follows in Township 8 South, Range 30 East, NMPM:

Baskett "D" Well No. 3 - Unit O - Section 11  
Baskett "B" Well No. 2 - Unit C - Section 11  
Wasley Well No. 1 - Unit C - Section 14  
Wasley Well No. 3 - Unit A - Section 14

(5) That the expansion of the project area, the institution of an additional pressure maintenance project, and the conversion to water injection of four additional wells as proposed by the applicant is in the interest of conservation and should result in greater ultimate recovery of oil, thereby preventing waste and will not violate correlative rights, and will afford the applicant the opportunity to produce its just and equitable share of the oil in the Cato-San Andres Pool.

(6) That the applicant further seeks a procedure whereby additional injection wells and expansion of the projects areas may be approved without the necessity of notice and hearing.

(7) That the applicant further seeks a procedure whereby additional pressure maintenance projects may be instituted in the Cato-San Andres Pool without the necessity of notice and hearing.

(8) That Orders Nos. R-3867 and R-3867-A should be superseded.

IT IS THEREFORE ORDERED:

(1) That the applicant, Amoco Production Company, is hereby authorized to operate a pressure maintenance project in the Cato-San Andres Pool on its Baskett and Baskett "D" Leases, Chaves County, New Mexico, designated the Amoco Production Company Cato Baskett Pressure Maintenance Project by the injection of water into the San Andres formation through the following-described wells in Section 11, Township 8 South, Range 30 East, NMPM, Chaves County, New Mexico:

Baskett "D" Well No. 1 - Unit G  
Baskett "D" Well No. 2 - Unit A  
Baskett "D" Well No. 3 - Unit O  
Baskett "D" Well No. 4 - Unit I  
Baskett "B" Well No. 2 - Unit C

(2) That the applicant, Amoco Production Company, is hereby authorized to institute a pressure maintenance project in the Cato-San Andres Pool on its C. S. Wasley Lease, Chaves County, New Mexico, designated the Amoco Production Company Cato Wasley Pressure Maintenance Project by the injection of water into the

-3-

Case No. 4774

Order No. R-3867-B

San Andres formation through the following described wells in Section 14, Township 8 South, Range 30 East, NMPM, Chaves County, New Mexico:

Wasley Well No. 1 - Unit C

Wasley Well No. 3 - Unit A

(3) That each of the aforesaid water injection wells shall be equipped with 2 3/8-inch plastic lined tubing set in a packer. Further, that the casing-tubing annulus of each of the aforesaid injection wells shall be filled with an inert fluid and the annulus equipped with a pressure gauge to facilitate detection of leakage in the tubing or packer.

(4) That Special Rules and Regulations governing the operation of the Amoco Cato Baskett and Amoco Cato Wasley Pressure Maintenance Projects, Chaves County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
AMOCO CATO BASKETT PRESSURE MAINTENANCE PROJECT  
AND THE  
AMOCO CATO WASLEY PRESSURE MAINTENANCE PROJECT

RULE 1. The project areas of the Maintenance Projects shall comprise the area described as follows:

CATO BASKETT PROJECT AREA  
CHAVES COUNTY, NEW MEXICO  
TOWNSHIP 8 SOUTH, RANGE 30 EAST, NMPM  
Section 11: E/2 and E/2 NW/4

CATO WASLEY PROJECT AREA  
CHAVES COUNTY, NEW MEXICO  
TOWNSHIP 8 SOUTH, RANGE 30 EAST, NMPM  
Section 14: N/2

RULE 2. The allowable for the Project shall be the sum of the allowables of the several wells within the project area, including those wells which are shut-in, curtailed, or used as injection wells. Allowables for all wells shall be determined in a manner hereinafter prescribed.

RULE 3. Allowables for injection wells may be transferred to producing wells within the project area, as may the allowables for producing wells which, in the interest of more efficient operation of the Project, are shut-in or curtailed because of high gas-oil ratio or are shut-in for any of the following reasons: pressure regulation, control of pattern or sweep efficiencies, or to observe changes in pressures or changes in characteristics of reservoir liquids or progress of sweep.

RULE 4. The allowable assigned to any well which is shut-in or which is curtailed in accordance with the provisions of Rule 3 which allowable is to be transferred to any well or wells in the project area for production, shall in no event be greater than its ability to produce during the test prescribed by Rule 6, below, or greater than the current top unit allowable for the pool during the month of transfer, whichever is less.

RULE 5. The allowable assigned to any injection well on a 40-acre proration unit shall be top unit allowable for the Cato-San Andres Pool.

RULE 6. The allowable assigned to any well which is shut-in or curtailed in accordance with Rule 3, shall be determined by a 24-hour test at a stabilized rate of production, which shall be the final 24-hour period of a 72-hour test throughout which the well should be produced in the same manner and at a constant rate. The daily tolerance limitation set forth in Commission Rule 502 I (a) and the limiting gas-oil ratio (2,000 to 1) for the pool shall be waived during such tests. The project operator shall notify all operators offsetting the well, as well as the Commission, of the exact time such tests are to be conducted. Tests may be witnessed by representatives of the offsetting operators and the Commission, if they so desire.

RULE 7. The basic allowable assigned to each producing well in the Project shall be equal to the well's ability to produce or to top unit allowable for the pool, whichever is less. Wells capable of producing more than top unit allowable may also receive transfer allowable, provided however, that no producing well in the project area which directly or diagonally offsets a well on another lease producing from the same common source of supply shall receive an allowable or produce in excess of two times top unit allowable for the pool. Each producing well shall be subject to the limiting gas-oil ratio (2,000 to 1) for the pool.

RULE 8. Each month the project operator shall, within three days after the normal unit allowable for Southeast New Mexico has been established, submit to the Commission a Pressure Maintenance Project Operator's Report, on a form prescribed by the Commission, outlining thereon the data required, and requesting allowables for each of the several wells in the Project as well as the total project allowable. The aforesaid Pressure Maintenance Project Operator's Report shall be filed in lieu of Form C-120 for the Project.

RULE 9. The Commission shall, upon review of the report and after any adjustments deemed necessary, calculate the allowable for each well in the Project for the next succeeding month in accordance with these rules. The sum of the allowables so calculated shall be assigned to the Project and may be produced from

the wells in the Project in any proportion except that no well in the Project which directly or diagonally offsets a well on another lease producing from the same common source of supply shall produce in excess of two times top unit allowable for the pool.

RULE 10. The conversion of producing wells to injection, the drilling of additional wells for injection, and expansion of the project area shall be accomplished only after approval of the same by the Secretary-Director of the Commission. To obtain such approval, the project operator shall file proper application with the Commission, which application, if it seeks authorization to convert additional wells to injection or to drill additional injection wells shall include the following:

(1) A plat showing the location of proposed injection well, all wells within the project area, and offset operators, locating wells which offset the project area.

(2) A schematic drawing of the proposed injection well which fully describes the casing, tubing, perforated interval, and depth showing that the injection of gas or water will be confined to the San Andres formation.

(3) A letter stating that all offset operators to the proposed injection well have been furnished a complete copy of the application and the date of notification.

The Secretary-Director may approve the proposed injection well if, within 20 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators.

Expansion of the project area may be approved by the Secretary-Director of the Commission administratively when good cause is shown therefor.

(5) The Secretary-Director of the Commission is hereby authorized to approve additional Amoco Production Company pressure maintenance projects and promulgate special rules therefor without notice and hearing on lands which are contiguous to existing Amoco Production Company or Union Texas Petroleum pressure maintenance projects in the Cato-San Andres Pool. To obtain such approval, the applicant shall file proper application with the Commission, which application shall include the following:

(a) A plat showing the proposed project area, all wells within the project area, offset operators, and wells which offset the proposed project area.

-6-  
Case No. 4774  
Order No. R-3867-B

(b) A schematic drawing of the proposed injection wells which fully describes the casing, tubing, perforated interval, and depth showing that the injection of gas or water will be confined to the San Andres formation.

(c) A letter stating that all offset operators to the proposed project have been furnished a complete copy of the application and the date of notification.

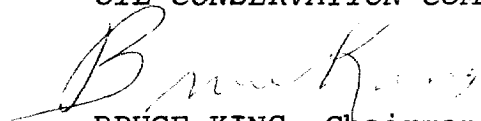
The Secretary-Director may approve the proposed project and promulgate special rules therefor if, within 20 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators.

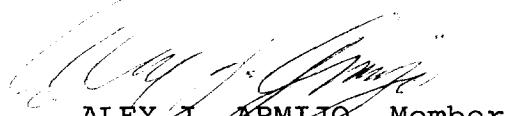
(6) That Commission Orders Nos. 3867 and 3867-A are hereby superseded.

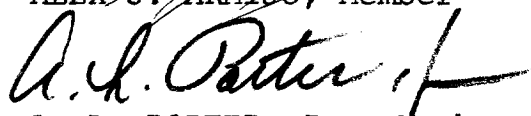
(7) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
BRUCE KING, Chairman

  
ALEX J. ARMIJO, Member

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

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