

Entered November 17, 1975  
JCR

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. 5564  
Order No. R-5123

APPLICATION OF LLANO, INC. FOR A  
PRESSURE MAINTENANCE PROJECT, LEA  
AND EDDY COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 8, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 17th day of November, 1975, 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, Llano, Inc., seeks authority to institute a pilot pressure maintenance project in the Lusk Strawn Pool, Lea and Eddy Counties, New Mexico, by the injection of extraneous gas into the Strawn formation through two wells in its Lusk Strawn Deep Unit Area, and by the cycling and reinjection of produced gas from said unit and pool.

(3) Applicant further seeks rules governing said project, including but not limited to provision for expansion of the project area, placing additional wells on injection, changes in injection pattern for sweep efficiency and determination of project allowable.

(4) That the initial project area should consist of the following described acreage in Lea and Eddy Counties, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 31: SE/4

Section 32: SW/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 12: NE/4

-2-

Case No. 5564

Order No. R-5123

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 5: W/2

Section 6: E/2

Section 7: N/2

Section 8: W/2

(5) That the project area should be expanded upon completion of additional injection wells or upon a proper showing by the project operator.

(6) That the project allowable should be equal to the top unit allowable for the Lusk-Strawn Pool times the number of proration units within the project area.

(7) That transfer of allowable within the project area should be permitted.

(8) That upon reinjection of available residue gas, wells within the project area should not be subject to the limiting gas-oil ratio for the Lusk-Strawn Pool.

(9) That initial gas injection is proposed through the former Tenneco Oil Company Continental A Federal Well No. 1 and Continental Federal Com Well No. 1 located in Units G and O, respectively, of Section 6, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico.

(10) That the operator should take all measures necessary including injection through tubing under a packer, loading and monitoring of the casing-tubing annulus, and periodic inspection of injection and producing wells to ensure that all gas shall be injected into and be confined within the Strawn formation.

(11) That approval of the subject application will protect correlative rights and prevent waste.

(12) 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, Llano, Inc., is hereby authorized to institute a pressure maintenance project on its Lusk-Strawn Deep Unit, Lusk-Strawn Pool, by the injection of gas into the Strawn formation through the following-described wells in Section 6, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico:

<u>FORMER</u> <u>OPERATOR</u>	<u>LEASE NAME</u>	<u>No.</u>	<u>UNIT</u>
Tenneco Oil Co.	Continental A Federal	1	G
Tenneco Oil Co.	Continental Federal	Com 1	O

(2) That injection into each of said wells shall be through tubing, set in a packer which shall be located as near as practicable to the uppermost perforation; that the casing-tubing annulus of each injection well shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(3) That the operator shall immediately notify the supervisor of the appropriate Commission district office of the failure of the tubing or packer in any of said injection wells, the leakage of gas, water or oil from around any producing well, or the leakage of gas, water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(4) That the subject pressure maintenance project is hereby designated the Lusk Strawn Deep Unit Pressure Maintenance Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(5) That Special Rules and Regulations governing the operation of the Lusk Strawn Deep Unit Pressure Maintenance Project are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
LUSK STRAWN DEEP UNIT PRESSURE MAINTENANCE PROJECT

Rule 1. That the initial project area in the Unit shall comprise the following described area in Lea and Eddy Counties, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 31: SE/4  
Section 32: SW/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM  
Section 12: NE/4

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 5: W/2  
Section 6: E/2  
Section 7: N/2  
Section 8: W/2

Rule 2. That the project area shall be expanded automatically to include all proration units in the Lusk Strawn Deep Unit on which gas injection wells are located and all direct and diagonal offsetting proration units.

Rule 3. That the project area may be otherwise expanded administratively by the Secretary-Director of the Commission upon a proper showing by the operator.

Rule 4. The allowable for the project area shall be any amount up to and including a volume equal to the top unit allowable for the Lusk-Strawn Pool times the number of proration units in the project area.

Rule 5. The allowable to the project area may be produced from any well or wells within the project area in any proportion, provided that no producing well in the project area which directly or diagonally offsets a well not committed to the unit and producing from the same common source of supply shall produce in excess of the top allowable for the Lusk-Strawn Pool.

Rule 6. That provided that all available residue gas is reinjected, wells in the project area shall not be subject to the limiting gas-oil ratio for the Lusk-Strawn Pool. For the purpose of these rules, "Available Residue Gas" shall be defined as being all gas produced from the unitized formation less plant shrinkage, plant fuel, and lease fuel required for operation of the lease.

Rule 7. The Secretary-Director of the Commission is hereby authorized to approve such additional producing wells and injection wells at orthodox and unorthodox locations within the boundaries of the Lusk Strawn Deep Unit Area as may be necessary to complete an efficient production and injection pattern, provided said producing wells are drilled no closer than 660 feet to the outer boundary of said unit nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary. 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 production or injection wells shall include the following:

(a) A plat identifying the lands committed to the unit agreement and those lands not committed to said agreement, and showing the location of the proposed well, all wells within the unit area, and offset operators.

(b) A schematic drawing of any proposed injection well which fully describes the casing, tubing, packer, monitoring equipment, perforated interval, and depth.

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

The Secretary-Director may approve the proposed 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.

-5-  
Case No. 5564  
Order No. R-5123

(6) That monthly progress reports of the project herein authorized shall be submitted to the Commission in accordance with Rule 704 of the Commission Rules and Regulations on forms approved by the Commission.

(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 herein-  
above designated.

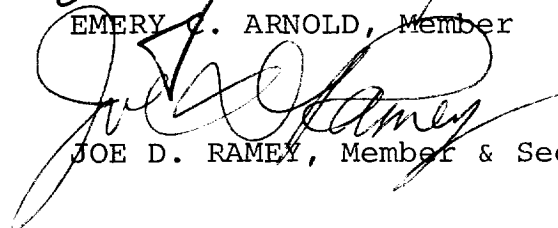
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman



EMERY C. ARNOLD, Member



JOE D. RAMEY, Member & Secretary

S E A L

jr/