

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8895
Order No. R-8165-A

APPLICATION OF THE EASTLAND
OIL COMPANY FOR THE AMENDMENT
OF DIVISION ORDER NO. R-8165,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 14, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of June, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Division Order No. R-8165 dated February 25, 1986, The Eastland Oil Company was given authority to institute a waterflood project on its Power Grayburg Unit, Power Grayburg-San Andres Pool, by the injection of water into the Grayburg formation through the following four wells in Eddy County, New Mexico:

<u>WELL NAME AND NUMBER</u>	<u>LOCATION</u>
Allied Federal No. 2	Unit B, Section 6, T-18-S, R-31-E
Kenwood Federal No. 3	Unit D, Section 6, T-18-S, R-31-E
Sibyl Federal No. 2	Unit H, Section 1, T-18-S, R-30-E
Arco Federal No. 3	Unit C, Section 5, T-18-S, R-31-E

(3) The applicant, The Eastland Oil Company, seeks the amendment of said Division Order No. R-8165 authorizing a change in the development of the waterflood pattern within its Power Grayburg Waterflood Project.

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(4) As a result of the requested amendment, three of the previously approved injection wells listed in Finding No. (2) above would instead be utilized as producing wells, and the Arco Federal Well No. 3 (also previously approved) and the following four wells would be used as injection wells:

<u>WELL NAME AND NUMBER</u>	<u>LOCATION</u>
Allied Federal No. 1	660 FNL & 660 FEL (Unit A) Section 6, T-18-S, R-31-E
Kenwood Federal No. 1	660 FNL & 1980 FWL (Unit C) Section 6, T-18-S, R-31-E
Kenwood Federal No. 2	1650 FNL & 660 FWL (Unit E) Section 6, T-18-S, R-31-E
Sibyl Federal No. 1	660 FNL & 660 FEL (Unit A) Section 1, T-18-S, R-30-E

(5) The applicant seeks the amendment in order to avoid the requirement contained in Ordering Paragraph No. (2) of Division Order No. R-8165, which directed the applicant to either replug or demonstrate that the Stagner Well No. 1, a dry hole plugged and abandoned in March, 1939, will not serve as an avenue of escape for injection water or formation fluids from the injection interval.

(6) This replugging requirement was included in Division Order No. R-8165 because the Stagner Well No. 1, located 1980 feet from the South and East lines of Section 31, Township 17 South, Range 31 East, NMPM, was located within a one-half mile radius (area of review) of the applicant's proposed Allied Federal No. 2 injection well.

(7) By changing the injection pattern on its waterflood project, the applicant has effectively moved the Stagner Well No. 1 out of the area of review of its proposed injection wells.

(8) A re-entry attempt into the Stagner Well No. 1 made by Ernest A. Hanson in November, 1956 was unsuccessful due to encountering junk casing in the hole at approximately 295 feet.

(9) It is the applicant's position that a re-entry attempt into the Stagner Well No. 1 would be impractical at this time.

(10) The proposed amendment of the injection pattern should not decrease the sweep efficiency of the waterflood project and should not result in a decrease of recoverable oil and should therefore be approved.

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(11) The applicant should not be required to re-enter and replug the Stagner Well No. 1 at this time but should be required to replug said well in the event any detectable waterflow situation develops within the wellbore that can be attributed to the applicant's waterflood project.

IT IS THEREFORE ORDERED THAT:

(1) The application of The Eastland Oil Company for the amendment of Division Order No. R-8165 authorizing a change in the development of the waterflood pattern within its Power Grayburg Waterflood Project is hereby approved.

(2) Injection into the Grayburg formation within the applicant's Power Grayburg Unit is hereby approved only for the following described wells in Eddy County, New Mexico:

<u>WELL NAME AND NUMBER</u>	<u>LOCATION</u>
Allied Federal No. 1	660 FNL & 660 FEL (Unit A) Section 6, T-18-S, R-31-E
Kenwood Federal No. 1	660 FNL & 1980 FWL (Unit C) Section 6, T-18-S, R-31-E
Kenwood Federal No. 2	1650 FNL & 660 FWL (Unit E) Section 6, T-18-S, R-31-E
Sibyl Federal No. 1	660 FNL & 660 FEL (Unit A) Section 1, T-18-S, R-30-E
Arco Federal No. 3	330 FNL & 1980 FWL (Unit C) Section 5, T-18-S, R-31-E

(3) The applicant's Allied Federal Well No. 2, Kenwood Federal Well No. 3, and the Sibyl Federal Well No. 2, previously approved for injection wells by Division Order No. R-8165, shall not be used for injection wells at this time.

(4) Ordering Paragraph No. (2) of Division Order No. R-8165 concerning the replugging of the Stagner Well No. 1 is hereby placed in abeyance.

(5) The applicant may be required to replug said Stagner Well No. 1 in the event any detectable waterflow situation develops within the wellbore that can be attributed to the applicant's waterflood project.

(6) All other provisions contained in Division Order No. R-8165 shall remain in full effect and force.

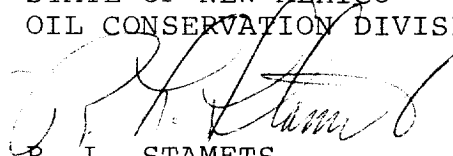
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(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



R. L. STAMETS
Director

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