

CASE 4773: Application of UNION
TEXAS PETROLEUM FOR A PRESSURE
MAINTENANCE PROJECT, CHAVES CO.

Case Number

4773

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE
SANTA FE, NEW MEXICO
Wednesday, July 26, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Union Texas Petroleum,
a Division of Allied Chemical
Corporation, for a pressure
maintenance project, Chaves County,
New Mexico.

Docket No. 16-72
Case No. 4773

IN THE MATTER OF:

Application of Amoco Production Company
for a pressure maintenance project
expansion, Chaves County, New Mexico.

Docket No. 16-72
Case No. 4774

BEFORE: DANIEL S. NUTTER, Examiner

TRANSCRIPT OF HEARING

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P R O C E E D I N G S

MR. HATCH: Case 4774, application of Amoco Production Company for a pressure maintenance project expansion, Chaves County, New Mexico.

MR. HINKLE: May it please the Examiner there is a companion case on this docket on the application of Union Texas Petroleum. It is case 4773. It might expedite matters and shorten the overall length of these two cases if you would consolidate them for purposes of making a record.

MR. NUTTER: We will also call case 4773.

MR. HATCH: Case 4773, application of Union Texas Petroleum, a Division of Allied Chemical Corporation, a pressure maintenance project, Chaves County, New Mexico.

MR. NUTTER: For the purposes of testimony cases 4773 and 4774 will be consolidated.

MR. HINKLE: I am Clarence Hinkle on behalf of Union Texas. In case 4774 the same appearance as in the Amoco's prior case 4770. I would like the record to reflect that Mr. Currens will be testifying in this case and was sworn in the prior case.

MR. DANIEL R. CURRENS

having already been duly sworn according to law, upon his oath testified as follows:

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BY MR. GUY BUELL:

Q Mr. Currens, I think you pretty well identified yourself in the record of the prior case, so in connection with your testimony in case 4774, I am just going to ask you to turn to your Exhibit Number 1. What is that exhibit?

A Exhibit Number 1 is a map of the portion of the Cato-San Andres Pool in Chaves County, New Mexico. It is a portion specifically in the area of an existing injection program that Amoco operates on its Baskett "D" lease. Shown on this exhibit by some solid blue dots are the three existing injection wells that we have in this project right now.

Q Why don't you locate the Baskett "D" lease for the record.

A The Baskett "D" lease is in the east half of Section 11, Township 8 South, Range 30 East in Chaves County.

Q Now, how many additional injection wells do we intend to add?

A Four altogether.

Q Have you identified them on Exhibit 1?

A I have. They are the round wells that have little black circles around them.

Q Now, Union Texas, I understand, will convert one well. How is it identified on our exhibit?

A This is their Baskett Number 1 in the northeast quarter

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1 of the Southwest Quarter of Section 11 and it is
2 identified by a little black circle around it.

3 Q Now, in addition to converting another well on our Baskett
4 "D", we are also moving our flood to two leases that we
5 operate; is that correct?

6 A Yes. We will add one well or we are asking to add one
7 well on the Baskett "D", the Baskett "D" Number 3. We
8 are asking to move on into the Baskett "D" lease and put
9 on well number 2 and putting on wells number 1 and 3.

10 Q Since we have been engaged in pressure maintenance for
11 some time on the Baskett "D", let me direct your attention
12 to our Exhibit Number 2. What is that exhibit?

13 A Exhibit Number 2 is a series of curves showing the perfor-
14 mance that we have had on the Baskett "D" lease both
15 during its primary term and since injection has commenced.

16 Q Would you briefly comment on any of the curves that you
17 feel are noteworthy, Mr. Currens?

18 A Well, since injection commenced it can be seen by the
19 upper curve that is colored blue in the latter part of
20 1969 with injection into one well, the Baskett "D" Number
21 4. Injection continued along at a rate somewhere between
22 250 and 500 barrels of water a day for something over a
23 year and then early in 1971 two additional wells were
24 converted. The Baskett "D" Number 1 and Baskett "D"
25 Number 2 injection increased--now it is on the order of

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- 1 950,000 barrels a day. The red curve shown on this
2 exhibit is a lot of the gas-oil ratio that has been
3 experienced on the lease. As you can see prior to and
4 earlier in the early life of injection, the gas-oil ratio
5 showed increasing trends to something up above 2,000.
6 Since getting the first well on and more so since adding
7 two more wells, we have had a considerable gas-oil ratio
8 decrease down to less than 1,000 cubic feet per barrel.
9 Oil production was in a sharp decline prior to injection
10 and continued some decline during the early stage of
11 injection. That decline has been arrested considerably
12 since adding the last two wells in the expansion program
13 such that now oil production is about 60 barrels a day.
14 Water production currently is about 219 barrels a day.
- 15 Q With respect to our Baskett "D", we certainly see some
16 reflections in performance that encourage us sufficiently
17 that we do want to expand our activities?
- 18 A We have good gas-oil ratio response and we are arresting
19 decline on the oil.
- 20 Q Let's look now at Exhibit 3.
- 21 A Our Baskett "B" lease performance is indicated on Exhibit
22 3, two producing wells on the lease. The gas-oil ratio
23 has been quite high. It is currently about forty-six
24 fifty cubic feet per barrel. Our oil production has now
25 declined to only six barrels of oil per day with about

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1 54 barrels of water.

2 Q Now, the proposed well that we want to convert to injec-
3 tion on the Baskett "B", what is it doing now?

4 A That is well number 2. It is located in Unit C of
5 Section 11 and the latest test I have on this is two
6 barrels of oil and two barrels of water a day.

7 Q Let's jump back to the Baskett "D". What is the well
8 that we intend to convert to injection on that lease
9 doing at this time?

10 A That is well number 3. It is located in Unit O, Section
11 11 and the latest test I have on it is six barrels of
12 oil and three barrels of water a day.

13 Q Let's look at the performance curve on the Wasley lease
14 which is even further removed from any injection operations
15 in the Baskett "B". That has been identified as Exhibit
16 Number 4. Would you comment on it, please?

17 A Well, the Wasley lease which is the north half of Section
18 14 of the same township and range, we mentioned earlier,
19 has its performance depicted on Exhibit 4. The gas and
20 oil ratio actually is a little off scale or above scale
21 on this exhibit with the latest number I have being about
22 12,600 cubic feet per barrel. There are eight producing
23 wells on the lease and oil production has declined
24 severely over the last couple of years. Oil and water
25 production are now both at about 27 barrels a day.

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1 Q We are going to convert two wells on the Wasley lease;
2 is that correct, to injection?

3 A Yes, sir.

4 Q State for the record and identify those wells and state
5 what they are currently doing at this time.

6 A The Wasley Number 1 which is located in Unit C, the last
7 data I have is six barrels of oil and two barrels of water
8 a day. The Wasley Number 3 which is located in Unit A
9 was three barrels of oil and one barrel of water per day.

10 Q Mr. Currens, Exhibit 5, 6, 7 and 8 are schematic diagrams
11 of each of the four wells we have proposed to convert and
12 attached to the schematic diagram is a log of the indivi-
13 dual wells. Let me identify them for the record.

14 Exhibit 5 is a schematic and log on the Baskett "B"
15 Number 2. Six is the same information on our Baskett "D"
16 Number 3. Seven is the same information on our Wasley
17 Number 3 and 8 is the same information on our Wasley
18 Number 1. It seems to me that these are almost identical,
19 Mr. Currens. Would you just pick one and comment so the
20 record will reflect generally what our proposed method
21 of completion of these wells is?

22 A I will just take the first of those exhibits, Number 5,
23 which is the Baskett "B" Number 2 and what we show on
24 Exhibit 5 is the mechanical condition of the well. We
25 show where the surface casing is set and in this case it

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1 is eight and five-eighths inch casing set at 461 feet
2 with cement circulated. We show the oil string casing
3 which in this case is four and a half inch casing and
4 it is set at thirty-five thirty-two which is cemented with
5 600 sacks and the top of the cement is at 950 feet. We
6 show that as an appropriate plug back and total depth on
7 each of these exhibits we show the perforated intervals
8 which in this case are three sets of perforations with
9 the uppermost one being at thirty-three eighty-three and
10 the lowermost perforation being at thirty-four seventy-
11 seven. Then we show our proposal for injection which
12 would be to run a tension packer and set it above the
13 perforations using two and three eighths internally
14 coated tubing plastic coated tubing and commence injection
15 down that string with the annulus space between the tubing
16 string and the oil string casing filled with an inhibited
17 fluid to make it--to prevent corrosion.

18 Q Mr. Currens, in your opinion, will expansion of our
19 pressure maintenance program and our water flood program
20 as you have outlined as well as your knowledge of the
21 proposed actions of Union Texas in the next case coming
22 up, do you think this will serve conservation through
23 prevention of waste and increase of ultimate production?

24 A Yes, sir. I think it is definitely needed for that
25 purpose. We have seen some 17 beneficial responses and

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- 1 it looks to me like we just need more injection out here.
- 2 Q Mr. Curréns, would you anticipate that if we keep getting
- 3 the encouraging results that we have seen today that further
- 4 expansion not only on the leases which are the subject
- 5 matter of the application here today but on other leases
- 6 in this area of the Cato-San Andres oil pool--
- 7 A Yes, sir, I think it is entirely logical that continuation
- 8 of this program would perhaps not only add more wells on
- 9 these leases that are subject to this application, but
- 10 would even spread perhaps to other leases in at least this
- 11 portion of the pool.
- 12 Q In view of that, do you have another recommendation for
- 13 the Examiner and the Commission?
- 14 A Yes, sir. I would like to recommend that an order be
- 15 issued on this, of course, granting what we are asking
- 16 for here today in the way of this expansion, but that it
- 17 further provide that expansion to other leases in this
- 18 same portion of the field could be obtained administratively.
- 19 Q Do you have any other comments or recommendations to
- 20 make in case 4774?
- 21 A I think not.
- 22 MR. BUELL: May it please the Examiner, that is all
- 23 we have in the way of direct. I would like to formerly offer
- 24 our Exhibits 1 through 8 inclusive.
- 25 MR. NUTTER: Amoco Exhibits 1 through 8 are admitted

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1 into evidence.

2 Mr. Currens, the project to-date has been confined
3 to one lease and now you are going on to two additional leases.
4 Is there any variation in the ownership between the Baskett "D"
5 lease and the Baskett "B" lease?

6 THE WITNESS: I am unable to find it if there is.

7 MR. NUTTER: So as far as you know it is all one
8 lease, then?

9 THE WITNESS: Yes, sir. I think it is basically
10 the same.

11 MR. NUTTER: You recognize of course that if there
12 was any variation in ownership you couldn't transfer any
13 allowable across those lease lines?

14 THE WITNESS: Yes, sir.

15 MR. NUTTER: This would be a project all its own and
16 allowables would be confined to wells on that lease?

17 THE WITNESS: Yes, sir. That is what we would contem-
18 plate, yes, sir.

19 MR. NUTTER: And the casing and cementing program
20 and the tubing program and filling the annulus with fluid and
21 all that that you went through on Exhibit 5 would apply to all
22 other wells you are proposing?

23 THE WITNESS: Yes. You would just be using 5 as an
24 example.

25 MR. NUTTER: It is typical?

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1 THE WITNESS: It is typical.

2 MR. NUTTER: Are there further questions of Mr.
3 Currens? He may be excused.

4 Do you have any further testimony in your case?

5 MR. BUELL: No, Mr. Examiner.

6

7

MR. HOWARD M. PERDUE

8 having been first duly sworn according to law, upon his oath,
9 testified as follows:

10

DIRECT EXAMINATION

11

BY MR. CLARENCE HINKLE:

12

Q State your name and address and by whom employed.

13

A My name is Howard M. Perdue. I am from Midland, Texas
14 and I am employed by Union Texas Petroleum, a division
15 of Allied Chemical Corporation.

16

Q Have you previously testified before the Commission and
17 qualified as a petroleum engineer?

18

A Yes, sir, I have.

19

Q Your qualifications are a matter of record with the
20 Commission?

21

A That's true.

22

MR. HINKLE: Is that satisfactory?

23

MR. NUTTER: Yes, sir, please proceed.

24

Q (By Mr. Hinkle) Are you familiar with the application of
25 Union Texas in case 4773?

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1 A Yes, sir.

2 Q What is Union Texas seeking to accomplish by this
3 application?

4 A Actually this application was made in cooperation with
5 the Amoco project that was previously authorized in this
6 area. Union Texas proposes to convert their Baskett
7 Number 1 well which is an offset to the Amoco Baskett "D"
8 lease and the Amoco Baskett "B" lease and the Amoco-Wasley
9 lease. This, as I said, will be in a cooperative effort
10 with the Amoco project and Union Texas proposes to convert
11 this well along those lines.

12 Q Do you intend this as a separate pressure maintenance
13 project from Amoco or as kind of a supplement to it?

14 A It will be a cooperative effort. We will inject water
15 into our well. Actually the water will be supplied by
16 Amoco.

17 Q The application calls for authority to institute a pressure
18 of maintenance project in Cato-San Andres Pool by the
19 injection of water into the San Andres formation through
20 its Baskett well number 1. Now, is that what you intended
21 by your application?

22 A As a matter of fact, we have completed a cooperative
23 agreement with Amoco and we had at the time thought that
24 it might be possible for Amoco to actually handle the
25 authorization to convert this well, but apparently that

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1 was impossible so that is the basis for our making
2 application.

3 Q You have no objection to the Commission treating this as
4 a separate part if they desire to do so?

5 A That's all right. However, it really is a cooperative
6 effort.

7 Q You have heard the testimony introduced in case 4774.
8 Do you agree with the testimony?

9 A We have been in communication with the Amoco representa-
10 tive all along in this effort and we certainly do agree
11 with the testimony presented in their case.

12 Q Have you prepared or have there been prepared under your
13 direction certain exhibits for introduction in the case?

14 A Yes, sir.

15 Q Refer to Exhibit Number 1 and explain what this is and
16 what it shows.

17 A Our Exhibit Number 1 is a plat of the Cato field and in
18 particular the Section 11 of Township 8 south and it shows
19 in addition the Union Texas Petroleum Baskett Number 1
20 well and Unit K and along with the other wells of Amoco's
21 that will be also part of this overall project.

22 Q The new injection wells will be those that are in triangles?

23 A The new wells are indicated by a triangle. The wells
24 that have previously been authorized are shown as circles,
25 the injection wells.

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- 1 Q There is only one by Union Texas?
- 2 A Yes, sir.
- 3 Q That is the Number 1?
- 4 A The Number 1 Baskett.
- 5 Q NOW, refer to Exhibit 2 and explain what this is and what
- 6 it shows.
- 7 A Exhibit Number 2 is a diagrammatic sketch of the Baskett
- 8 Number 1, the proposed injection well. It shows the
- 9 casing settings. It shows the perforations. We would
- 10 plan to run plastic coated tubing on a tension packer
- 11 set at approximately 3335 feet. We would load the tubing
- 12 casing with an inhibited fluid to avoid corrosion.
- 13 Q In your opinion will the completion of this well in this
- 14 manner confine the injection into this San Andres formation?
- 15 A Yes, sir, I feel that it will.
- 16 Q Refer to Exhibit 3.
- 17 A This is the log of the injection well.
- 18 Q Do you have any comments to make with respect to the log
- 19 of the well?
- 20 A The log of the well indicates that this is of course a
- 21 permeable and productive zone. The perforations of
- 22 completion intervals are marked in red on that log.
- 23 Q If the Commission grants this application, in your opinion
- 24 would it be in the interest of conservation and prevention
- 25 of waste and tend to protect correlative rights?

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1 A Yes, sir. Union Texas Petroleum for some time has felt
2 that a secondary project in the Cato field is warranted
3 and we feel that this is the first step in that direction.

4 MR. HINKLE: We would like to offer Exhibits 1 through
5 3.

6 MR. NUTTER: Union Texas Exhibits 1 through 3 will
7 be admitted into evidence.

8 MR. HINKLE: That's all we have.

9 MR. NUTTER: Mr. Perdue, how about performance on
10 your lease. Do you have any data equivalent to the well
11 performance data that Mr. Currens gave?

12 THE WITNESS: I didn't prepare any.

13 MR. NUTTER: Could you tell me what this well is
14 presently producing that you are going to convert?

15 THE WITNESS: It is presently making about five
16 barrels of oil along with about that much water.

17 MR. NUTTER: Do you know what the other well on your
18 lease is making?

19 THE WITNESS: It is about the same. It is very near
20 the same. Both wells have declined drastically over the last
21 several months.

22 MR. NUTTER: Are there any further questions of
23 Mr. Perdue?

24 Does anyone have anything they wish to offer in
25 case 4773 or 4774?

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1 We will take the case under advisement.

2 We will now accept a statement from Mr. Buell in
3 connection with case number 4775.

4 MR. BUELL: Mr. Examiner, as I am sure you recall
5 from past cases before you that it involved an associated oil
6 and gas reservoir, Amoco has always steadfastly taken the
7 position that the withdrawals between the two type wells, oil
8 and gas, should be on an equitable basis. We feel the same
9 thing should apply here at the Blinebry Pool. We agree with
10 Continental that at this point withdrawals are not on the
11 equitable basis. Our only reservation with regard to their
12 recommendation is that it appears to us to be extremely
13 complicated and we would be hopeful that we could work out
14 something more simple. I have to admit frankly though, as of
15 this time, Amoco has not been able to come up with a more simple
16 recommendation but we certainly stand by the principle that the
17 withdrawal from the two type wells should be equitable.

18 MR. NUTTER: As far as the Continental's proposal,
19 you have no position on it at this time; is that correct?

20 MR. BUELL: Yes, sir, that is correct. It is certain-
21 ly in the right direction. It is just complicated.

22 MR. NUTTER: Thank you, Mr. Buell.

23 MR. HINKLE: Mr. Examiner, Howard Perdue of Union
24 Texas would like to leave and go on back. We have this case
25 4747 which is Union Texas which I am going to make a motion

1 that it be continued until the first Examiner's hearing in
2 September, and if you don't mind calling it, I will so move.

3 MR. NUTTER: We will now call case number 4747.

4 MR. HATCH: Case 4747 application of Union Texas
5 Petroleum, a Division of Allied Chemical Corporation for
6 compulsory pooling, Lea County, New Mexico.

7 MR. HINKLE: Clarence Hinkle, Roswell, appearing on
8 behalf of Union Texas Petroleum. We would like to move this
9 case be continued until the first Examiner's Hearing in
10 September.

11 MR. HATCH: I believe that is September 13.

12 MR. NUTTER: Case Number 4747 will be continued to
13 the Examiner Hearing scheduled to be held at this same place
14 at 9:00 o'clock A. M. September 13, 1972. Thank you very much.

15 * * * * *

I N D E XWITNESSPAGE

MR. DANIEL R. CURRENS

Direct Examination by Mr. Guy Buell

4

MR. HOWARD M. PERDUE

Direct Examination by Mr. Clarence Hinkle

12

E X H I B I T SPAGE

Amoco Exhibit Number 1 -

Map of Cato-San Andres Pool,
Chaves County, New Mexico

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Amoco Exhibit Number 2 -

Performance curve on the Baskett "D" lease

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Amoco Exhibit Number 3 -

Performance curve on the Baskett "B" lease

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Amoco Exhibit Number 4 -

Performance curve on Wasley lease

10

Amoco Exhibit Number 5 -

Schematic and log on Baskett "B" No. 2

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Amoco Exhibit Number 6 -

Schematic and log on Baskett "D" No. 3

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Amoco Exhibit Number 7 -

Schematic and log on Wasley No. 3

10

Amoco Exhibit Number 8 -

Schematic and log on Wasley No. 1

10

Union Texas Exhibit Number 1 -

Plat of Cato field

16

Union Texas Exhibit Number 2 -

Diagrammatic sketch of Baskett No. 1

16

Union Texas Exhibit Number 3 -

Log of injection well

16

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1 STATE OF NEW MEXICO)
 2 : ss.
 3 COUNTY OF BERNALILLO)

4 I, MARCIA J. HUGHES, Court Reporter, do hereby certify
 5 that the above and foregoing pages are a true and correct
 6 transcript of the proceedings had before the New Mexico Oil
 7 Conservation Commission on Wednesday, July 26, 1972.

8 *Marcia J. Hughes*
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 10
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I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the hearing of Case No. 4775-4774
 held by me on 7/26, 1972.
Asst. Sec.
 Executive
 New Mexico Oil Conservation Commission

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

August 8, 1972

Mr. Clarence Hinkle
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: Case No. 4773
Order No. R-4362
Applicant:
Union Texas Petroleum

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Mr. Guy Buell

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. 4773
Order No. R-4362

APPLICATION OF UNION TEXAS PETROLEUM,
A DIVISION OF ALLIED CHEMICAL CORPORA-
TION FOR A PRESSURE MAINTENANCE PROJECT,
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 the applicant, Union Texas Petroleum, a Division
of Allied Chemical Corporation, seeks authority to institute a
pressure maintenance project in the Cato-San Andres Pool on its
Baskett Lease, Chaves County, New Mexico, by the injection of
water into the San Andres formation through its Baskett Well
No. 1, located in Unit K of Section 11, Township 8 South, Range
30 East, NMPM, Chaves County, New Mexico.

(3) That the applicant further seeks the designation of
the project area and the promulgation of special rules and regula-
tions governing said project.

(4) That initially the project area should comprise only
the following-described area:

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 8 SOUTH, RANGE 30 EAST, NMPM
Section 11: E/2 SW/4

(5) That a pressure maintenance project, designated the
Union Texas Cato Baskett Pressure Maintenance Project, comprising
the above described area is in the interest of conservation and

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should result in greater ultimate recovery of oil, thereby preventing waste.

(6) That an administrative procedure should be established whereby said project area may be expanded for good cause shown and whereby additional wells in the project area may be converted to water injection.

(7) That special rules and regulations for the operation of the Union Texas Cato Baskett Pressure Maintenance Project should be promulgated and, for operational convenience, such rules should provide certain flexibility in authorizing the production of the project allowable from any well or wells in the project area in any proportion, provided that no well in the project area which directly or diagonally offsets a well on another lease producing from the same common source of supply should be allowed to produce in excess of top unit allowable for the Cato-San Andres Pool until such time as the well has experienced a substantial response to water injection. When such a response has occurred, the well should be permitted to produce up to two times top unit allowable for the Cato-San Andres Pool. Production of such well at a higher rate should be authorized only after notice and hearing.

IT IS THEREFORE ORDERED:

(1) That the applicant, Union Texas Petroleum, a Division of Allied Chemical Corporation, is hereby authorized to institute a pressure maintenance project in the Cato-San Andres Pool on its Baskett Lease, Chaves County, New Mexico, to be designated the Union Texas Cato Baskett Pressure Maintenance Project, by the injection of water into the San Andres formation through its Baskett Well No. 1 located in Unit K of Section 11, Township 8 South, Range 30 East, NMPM, Chaves County, New Mexico:

(2) That the aforesaid water injection well shall be equipped with 2 3/8-inch plastic lined tubing set in a packer, said packer being set at approximately 3335 feet. Further, that the casing tubing annulus 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.

(3) That Special Rules and Regulations governing the operation of the Union Texas Cato Baskett Pressure Maintenance Project, Chaves County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
UNION TEXAS CATO BASKETT PRESSURE MAINTENANCE PROJECT

RULE 1. The project area of the Union Texas Cato Baskett Pressure Maintenance Project, hereinafter referred to as the

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Project, shall comprise the area described as follows:

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 8 SOUTH, RANGE 30 EAST, NMPM
Section 11: E/2 SW/4

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

Case No. 4773
Order No. R-4362

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 allowable 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.

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Case No. 4773
Order No. R-4362

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

(4) The Secretary-Director of the Commission is hereby authorized to approve additional Union Texas Petroleum pressure maintenance projects and promulgate special rules therefor without notice and hearing on lands which are contiguous to existing Union Texas Petroleum or Amoco Production Company 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.
- (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.

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

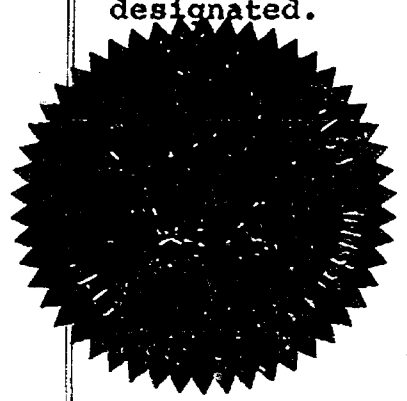
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMILLO, Member


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


S E A L

dr/

(Case 4783 continued)

2. A 240-acre unit comprising the NW/4 of Section 14 and the N/2 NE/4 of Section 15, to be dedicated to its State "A" A/1 Well No. 28;
3. A 320-acre unit comprising the N/2 of Section 23 to be dedicated to its State "A" A/1 Wells Nos. 26 and 27.

CASE 4747: (Continued from the June 28, 1972, Examiner Hearing)

Application of Union Texas Petroleum, a Division of Allied Chemical Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below the base of the Devonian formation underlying the N/2 of Section 33, Township 25 South, Range 37 East, Crosby Field, Lea County, New Mexico. Said acreage to be dedicated to its well to be located 1650 feet from the North line and 2310 feet from the East line of said Section 33. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4773: Application of Union Texas Petroleum, a Division of Allied Chemical Corporation, a pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in the Cato-San Andres Pool by the injection of water into the San Andres formation through its Baskett Well No. 1 located in Unit K of Section 11, Township 8 South, Range 30 East, Chaves County, New Mexico.

Applicant further seeks a procedure whereby additional injection wells and expansion of the project area may be approved without the necessity of notice and hearing.

CASE 4780: Application of Atlantic Richfield Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Robinson-Jackson Unit Area comprising 1160 acres, more or less, of Federal lands in Sections 27, 34, and 35, Township 17 South, Range 29 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

CASE 4781: Application of Atlantic Richfield Company for amendment of a waterflood order and dual completions, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3185, as amended by Order No. R-3185-A, to permit the dual completion of its Turner "A" SP Wells Nos. 15 and 35 located in Section 19 and its Turner "B" SP Wells Nos. 41 and 78 located in Section 20, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Eddy County, New Mexico, in such a manner as to permit selective injection of water into the Grayburg and San Andres zones.

CASE 4782: Application of Atlantic Richfield Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

July 3, 1972

Case 4773

C
O
P
Y

Allied Chemical Corporation
Union Texas Petroleum Division
1300 Wilco Building
Midland, Texas 79701

Attention: Mr. Howard Perdue

Re: Amoco's Cato Baskett
Pressure Maintenance Project
Chaves County, New Mexico

Gentlemen:

In reference to your letter of June 30, 1972,
please furnish this office the location of the Baskett
Well No. 1.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/dr

RECEIVED

Date 7-14-72



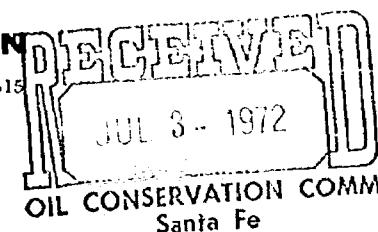
Union Texas Petroleum Division

ALLIED CHEMICAL CORPORATION

1300 WILCO BUILDING • MIDLAND, TEXAS 79701

915, 682-0515

June 30, 1972



Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Subject: Amoco's Cato Baskett
Pressure Maintenance Project
Chaves County, New Mexico


Dear Sir:

Union Texas Petroleum wishes to convert its Baskett No. 1 well to injection service in conjunction with an expansion of the Amoco Cato Baskett pressure maintenance project (Order No. R-3867). It is our understanding that authorization for this conversion cannot be handled administratively in this instance. It is therefore, requested that this application be included on the Docket for The Examiner Hearing on July 26, 1972.

Amoco has advised that application is being made for the conversion of additional Amoco wells to injection in this project and that a request will be made for inclusion on the July 26, 1972, Examiner Hearing Docket.

Yours very truly,

UNION TEXAS PETROLEUM, a Division of
Allied Chemical Corporation


Howard Perdue, District Engineer

HP:ma

cc: Mr. C. M. Heard - Midland
Mr. J. D. Mullins - Houston
Mr. Dan Currans
Amoco Production Company
P. O. Box 3092
Houston, Texas 77001

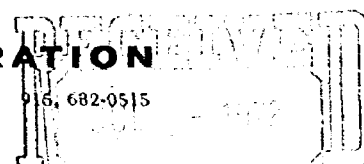
Core 4232



Union Texas Petroleum Division

ALLIED CHEMICAL CORPORATION

1300 WILCO BUILDING • MIDLAND, TEXAS 79701



July 5, 1972 CONSERVATION COMM
Santa Fe

Mr. George M. Hatch
Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 4773

Re: Amoco's Cato Baskett
Pressure Maintenance Project
Chaves County, New Mexico

Dear Sir:

The location for the UTP Baskett No. 1, as requested in your letter of July 3, 1972, is Unit K, Section 11, T-8-S, R-30-E, Chaves County, New Mexico.

We are sorry that this was inadvertently omitted from our previous letter.

Very truly yours,

UNION TEXAS PETROLEUM CORPORATION

Howard Perdue

Howard Perdue
District Engineer

HP:ra

DIAGRAMMATIC SKETCH
PROPOSED INJECTION WELL
BASKETT NO. 1
UNION TEXAS PETROLEUM
CHAVES COUNTY, NEW MEXICO
UNIT K, SEC. II, T-8-S, R-30-E

8 5/8" OD Casing Cemented
With 300 sx. Cement
Circulated.

510'

CASING-TUBING ANNULUS WILL BE
LOADED WITH INHIBITED FLUID.

2 3/8" OD 4.70# EUE 8 rd. J-55
Tubing Plastic Coated Internally.

BEFORE EXAMINATION	AFTER EXAMINATION
OIL CONSERVATION	OIL CONSERVATION
app	EXHIBIT NO. 2
CASE NO. 4773	
Su. Union Texas	
Head	

Tension Type Packer To Be Set at
Approximately 3335'

San Andres Formation
Perforated Interval
3469' - 3497'

3526' - 3548'

4 1/2" OD Casing Cemented
With 400 sx. Cmt. Top at
2700'

PBTD 3667'
TD 3700'

Ex 2

DRAFT

GMH/dr

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. 4773

Order No. R-4362

APPLICATION OF UNION TEXAS PETROLEUM,
A DIVISION OF ALLIED CHEMICAL CORPORA-
TION ~~FOR~~ A PRESSURE MAINTENANCE PROJECT,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 26, 192,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of July, 192, 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, Union Texas Petroleum, a Division
of Allied Chemical Corporation, seeks authority to institute a
pressure maintenance project in the Cato-San Andres Pool on its
Baskett Lease, Chaves County, New Mexico, by
the injection of water into the San Andres formation through its
Baskett ~~W~~ Well No. 1, located in Unit K of Section 11, Town-
ship 8 South, Range 30 East, NMPM, Chaves County, New Mexico.

(3) That the applicant further seeks the designation of the project area and the promulgation of special rules and regulations governing said project.

(4) That initially the project area should comprise only the following-described area:

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 8 SOUTH, RANGE 30 EAST, NMPM
Section 11: *E/2 SW/4*

(5) That a pressure maintenance project, designated the *Union Texas Petroleum* Cato Baskett Pressure Maintenance Project, comprising the above described area is in the interest of conservation and should result in greater ultimate recovery of oil, thereby preventing waste.

(6) That an administrative procedure should be established whereby said project area may be expanded for good cause shown and whereby additional wells in the project area may be converted to water injection.

(7) That special rules and regulations for the operation of the *Union Texas Petroleum* Cato Baskett Pressure Maintenance Project should be promulgated and, for operational convenience, such rules should provide certain flexibility in authorizing the production of the project allowable from any well or wells in the project area in any proportion, provided that no well in the project area which directly or diagonally offsets a well on another lease producing from the same common source of supply should be allowed to produce in excess of top unit allowable for the Cato-San Andres Pool until such time as the well has experienced a substantial response to water injection. When such a response has occurred, the well should be permitted to produce up to two times top unit allowable for the Cato-San Andres Pool. Production of such well at a higher rate should be authorized only after notice and hearing.

IT IS THEREFORE ORDERED:

(1) That the applicant, Union Texas Petroleum, a Division of Allied Chemical Corporation, is hereby authorized to institute a pressure maintenance project in the Cato-San Andres Pool on its Baskett Lease, Chaves County, New Mexico, to be designated the Union Texas Petroleum Cato Baskett Pressure Maintenance Project, by the injection of water into the San Andres its Baskett Well No. 1 located in Unit K 8 formation through ~~the following described well~~ in Section 11, Township 8 South, Range 30 East, NMPM, Chaves County, New Mexico:

~~Baskett "D" Well No. 1, located in Unit K~~

(2) That the aforesaid water injection well shall be equipped with 2 3/8-inch ^{plastic lined} tubing set in a packer, said packer being set at approximately 3335 feet. Further, that the casing tubing annulus 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.

(3) That Special Rules and Regulations governing the operation of the Union Texas Petroleum Cato Baskett Pressure Maintenance Project, Chaves County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE

UNION TEXAS CATO BASKETT PRESSURE MAINTENANCE PROJECT

RULE 1. The project area of the Union Texas Petroleum Cato Baskett Pressure Maintenance Project, hereinafter referred to as the Project, shall comprise the area described as follows:

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 8 SOUTH, RANGE 30 EAST, NMPM
Section 11: E/2 SW/4

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.

(4) ~~45~~ The Secretary-Director of the Commission is hereby authorized to approve additional Union Texas Petroleum pressure maintenance projects and promulgate special rules therefor without notice and hearing on lands which are contiguous to existing Union Texas Petroleum or Amoco Production Company 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.

(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.

(5) ~~44~~ That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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CASE NO. 4773
Order No. R-

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