

Cage No.

2577

Application, Transcript,
Small Exhibits, Etc.

OTHER

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. 2577
Order No. R-2262

APPLICATION OF NEWMONT OIL COMPANY
FOR APPROVAL TO DRILL A WATER INJECTION WELL, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 7, 1962, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 14th day of June, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Newmont Oil Company, seeks permission to drill the State "A" Well No. 3, to be located 1295 feet from the South line and 2615 feet from the East line of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, for use as a water injection well in the Loco Hills Pool Waterflood Project previously authorized by the Commission.

(3) That the subject well is to be drilled in conformance with line agreements governing adjoining waterflood projects in the immediate area.

(4) That the subject application should be approved, provided that the casing program on the subject well is sufficient to protect all possible producing horizons and water zones in the area.

IT IS THEREFORE ORDERED:

(1) That the applicant, Newmont Oil Company, is hereby authorized to drill its State "A" Well No. 3 at a location

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CASE No. 2577

Order No. R-2262

1295 feet from the south line and 2615 feet from the East line of Section 36, Township 17 South, Range 29 E st, NMPM, Eddy County, New Mexico, for use as a water injection well in the Loco Hills Pool waterflood Project.

(2) That 8 5/8-inch surface casing shall be set at the top of the salt and cemented with 50 sacks; the oil string of 4 1/2-inch tubing shall be set at the top of the sand at approximately 2700 feet and cemented with 100 sacks.

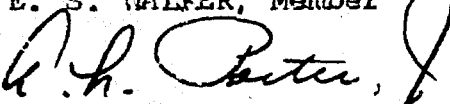
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

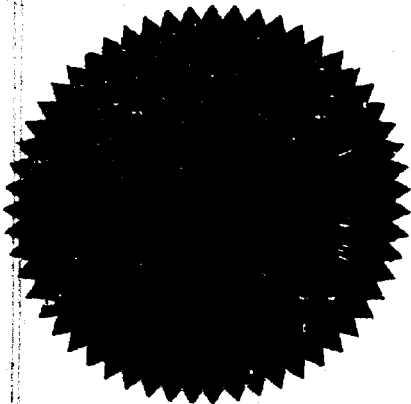
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman


E. S. WALKER, Member

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



esr/

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

BEST AVAILABLE COPY

Date 6/11/62

CASE 2577

Hearing Date 9/10 am 6/7/62
DSN @ SF

My recommendations for an order in the above numbered cases are as follows:

Enter an order approving the drilling
of a water injection well at an
unorthodox location 1295' FSL &
2615' FEL Sec 36 T 17 S R 29 E, Eddy
County. Well is the Newmont Oil Company State "A" No. 3,
and shall be completed in accordance with Newmont's letter
of May 2, 1962.
This well is actually in Newmont's
old flood in the Square Lake Pool
but is being drilled in conformance
to line agreements ^{governing} ~~between~~ Newmont's
flood and the Fair Oil Company and
General American Oil Company floods
to the North and the Newmont
Loos Hills Sand Creek flood to
the West, all previously authorized
by the Commission.

Stettin
Staff Engineer

NEW MONT OIL COMPANY

300 BOOKER BUILDING
ARTESIA, NEW MEXICO

Set for hearing.

NEW MEXICO
DISTRICT OFFICE

MAY 8 1962

State of New Mexico
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

We hereby make application for administrative approval to drill State "A" No. 3 as a water injection well located 1295 feet from the south line and 2615 feet from the east line of Section 36-17S-29E, Eddy County, New Mexico.

The proposed casing program for this well is to set 8 5/8" 24 pound surface casing at the top of the salt expected at 450 feet and cement with 50 sacks. The oil string is to be 4 1/2" 9.5 pound J-55 casing and will be set at the top of the sand expected at 2700 feet. The oil string will be cemented with 100 sacks cement.

Attached is Form C-116 showing the response to flooding in State "A" No. 1 located within the same proration unit. A copy of this application is being sent to the State Engineer, Fair Oil Company and to General American Oil Company, who have approved this well and are participating in the drilling of the well. If this well cannot be approved administratively, would you please set this case for hearing and notify us of the time and place of the hearing.

Yours very truly,

NEW MONT OIL COMPANY

Herman J. Ledbetter

Herman J. Ledbetter
Superintendent

HJL-sf
Attachment

Case 2577

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 7, 1962

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, as Alternate Examiner:

CASE 2571: Application of Randall F. Montgomery for an exception to Order R-111-A, or in the alternative for three unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks exception to the provisions of Order R-111-A, insofar as it pertains to the re-entry and casing program on five plugged and abandoned wells in the Salt Lake Pool, four of which are located in Section 7, and one of which is located in Section 18, all in Township 20 South, Range 33 East, Lea County, New Mexico. Applicant further seeks permission, as an alternative request, to drill three new wells at unorthodox locations in the Salt Lake Pool as follows:

- (1) Brooks - 7 Well No. 6, to be located 10 feet from the South line and 2310 feet from the East line;
- (2) Brooks - 7 Well No. 7, to be located 330 feet from the South line and 1320 feet from the West line;
- (3) Brooks - 7 Well No. 8, to be located 1320 feet from the South line and 1980 feet from the West line;

all in Section 7, Township 20 South, Range 33 East, Lea County, New Mexico.

CASE 2572: Application of Tenneco Oil Company for an exception to Rule 21-a of Order No. R-1670, Basin-Dakota Gas Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the gas production from two wells in the Basin-Dakota Gas Pool located on the H. O. Watson Lease in Section 22, Township 27 North, Range 12 West, San Juan County, New Mexico, as an exception to the provisions of Rule 21-a of the Rules for the prorated gas pools of Northwestern New Mexico, Order No. R-1670. Applicant proposes to install one common tank battery and separating facility and to allocate monthly gas production to each well on the basis of deliverability tests and average flowing tubing pressures.

- CASE 2573: Application of Phillips Petroleum Company for approval of an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to locate its Santa Fe Well No. 68 at an unorthodox oil well location in the Vacuum-Abo Pool, 1650 feet from the North line and 1090 feet from the East line of Section 34, Township 17 South, Range 35 East, Lea County, New Mexico.
- CASE 2574: Application of J. Gregory Merrion and Associates for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order of the Commission force pooling all interests in the Basin-Dakota Pool in the W/2 of Section 35, Township 25 North, Range 6 West, Rio Arriba County, New Mexico.
- CASE 2575: Application of Val R. Reese & Associates, Inc. for the creation of a new oil pool and for special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Gallup production in Township 23 North, Range 7 West, Rio Arriba County, New Mexico, and further seeks the adoption of special rules and regulations for said pool similar to the special rules presently governing the Escrito-Gallup Oil Pool which provide for 320-acre gas proration units and 80-acre oil proration units (Order No. R-1793-A).
- CASE 2576: Application of Sinclair Oil & Gas Company for approval of a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a waterflood project in the Grayburg-Jackson Pool, Eddy County, New Mexico, with the injection of water to be through seven wells located on the H. E. West "A" and "B" leases in Sections 3 and 4, Township 17 South, Range 31 East; applicant proposes to operate the waterflood project under the provisions of Rule 701.
- CASE 2577: Application of Newmont Oil Company for approval to drill a water injection well, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks permission to drill the State "A" Well No. 3, to be located 1295 feet from the South line and 2615 feet from the East line of Section 36, Township 17 South, Range 29 East, Eddy County, New Mexico, for use as a water injection well in the Loco Hills Pool Waterflood Project.
- CASE 2578: Application of Newmont Oil Company for approval of a development plan for the Loco Hills Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a plan of development for the Loco Hills Waterflood Project, Eddy County, New Mexico, which would permit

CASE 2578: (Continued)

the conversion of wells to water injection by stages. The applicant proposes to operate said waterflood project under the terms and conditions of Order No. R-2178 which established a buffer zone in a portion of the project area.

CASE 2579:

Application of Neil E. Salsich for approval of a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a waterflood project in the Square Lake Pool with the injection of water into the Grayburg formation of the Square Lake Pool through five wells located in Section 36, Township 16 South, Range 29 East, Eddy County, New Mexico. Applicant requests that the waterflood be governed by Rule 701 except that administrative approval is sought to allow expansion of the waterflood by the conversion of one additional well in Unit H of Section 35 prior to response from water injection.

CASE 2580:

Application of Waterflood Associates, Inc., for approval of a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a waterflood project in the Robinson Pool with the injection of water to be through six wells located in Section 35, Township 16 South, Range 31 East, Eddy County, New Mexico; applicant requests that the waterflood project be governed by Rule 701.

CASE 2581:

Application of Waterflood Associates, Inc. for approval of a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a waterflood project in the Square Lake Pool by the injection of water to be through two wells located in the NE/4 of Section 3, Township 17 South, Range 30 East, Eddy County, New Mexico; applicant requests that the waterflood project be governed by Rule 701.

CASE 2582:

Applicant of Waterflood Associates, Inc., for approval of a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a waterflood project in the Artesia Pool by the injection of water to be through one well located in the W/2 NW/4 of Section 21, Township 18 South, Range 28 East, Eddy County, New Mexico; applicant requests that the waterflood project be governed by Rule 701.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 9, 1962

Mr. Herman J. Ledbetter
Newmont Oil Company
300 Booker Building
Artesia, New Mexico

Dear Mr. Ledbetter:

Your application for administrative approval to drill the State "A" Well No. 3 as a water injection in Section 36, Township 17 South, Range 29 East, Eddy County, New Mexico, is ineligible for administrative approval and has been set for hearing on June 7th.

Very truly yours,

RICHARD S. MORRIS
Attorney

RSM/ir

Handwritten:
L. Ledbetter
M. J. Ledbetter
5/28/62
JL

Handwritten:
Case 2577

NEWMONT OIL COMPANY

300 BOOKER BUILDING
ARTESIA, NEW MEXICO

NEW MEXICO
DISTRICT OFFICE

May 8, 1962

Mr. S. E. Reynolds
Office of State Engineer
Box 1079
Santa Fe, New Mexico

Dear Sir:

Attached is our application to drill State "A" No. 3 as a water injection well.

Would you please inform the Oil Conservation if you have no objections.

Yours truly,

NEWMONT OIL COMPANY

ORIGINAL SIGNED BY
H. J. LEDBETTER

Herman J. Ledbetter
Superintendent

Attachment



STATE OF NEW MEXICO

STATE ENGINEER OFFICE

SANTA FE

S. E. REYNOLDS
STATE ENGINEER

May 11, 1962

ADDRESS CORRESPONDENCE TO:
STATE CAPITOL
SANTA FE, N. M.

Mr. A. L. Porter, Jr.
Secretary-Director
Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Porter:

Reference is made to the application of Newmont Oil Company dated May 8, 1962 which seeks administrative approval for the drilling of State "A" No. 3 as a water injection well.

In view of the fact that the surface casing in this well will be cemented in the Salado formation, I conclude there will be no threat of contamination in any fresh waters which may exist in that area. Therefore, this office offers no objection to the granting of this application.

Yours truly,

S. E. Reynolds
State Engineer

By: *Frank E. Irby*
Frank E. Irby
Chief
Water Rights Division

FEI/ma
cc-Newmont Oil Co.
F. H. Hennighausen

NEW MEXICO OIL CONSERVATION COMMISSION

GAS-OIL RATIO REPORT

OPERATOR NEWMONT OIL COMPANY POOL LOGO HILLS
ADDRESS 300 Booker Building, Artesia, N. M. MONTH OF May, 1962
SCHEDULED TEST _____ COMPLETION TEST _____ SPECIAL TEST X _____ (Check One)
(See Instructions on Reverse Side)

Lease	Well No.	Date of Test	Producing Method	Choke Size	Test Hours	Daily Allowable Bbls.	Production During Test			GOR Cu. Ft. Per Bbl.
							Water Bbls.	Oil Bbls.	Gas MCF	
State A	1	2-14-61	P		24		0	2.33		
		9-11-61	P		24		0	9.4		
		2-12-62	P		24		0	17.0		
		3-26-62	P		24		0	19.0		
		4-4-62	P		24		0	18.0		

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.

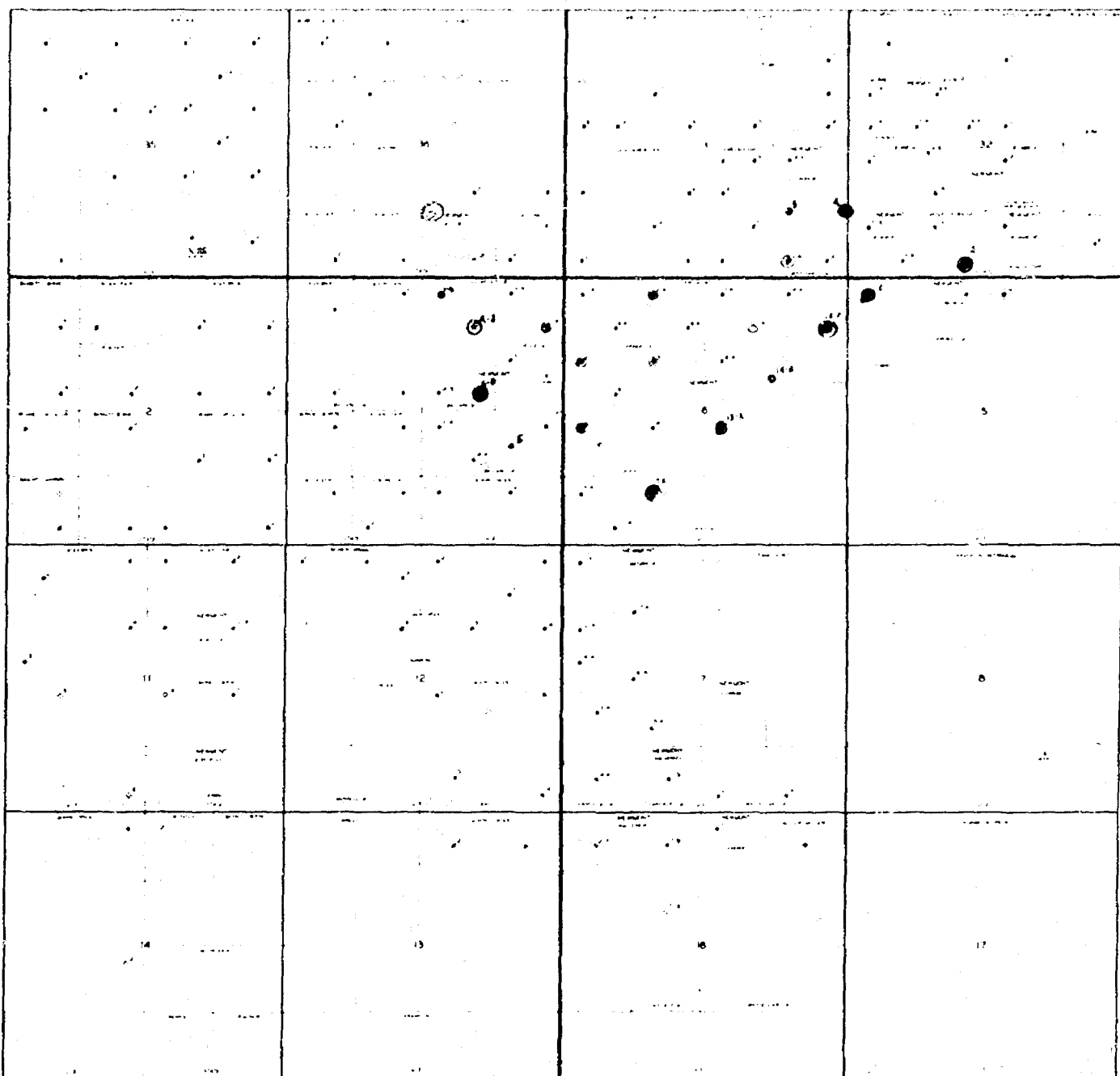
Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60 degrees F. Specific gravity base will be 0.60.

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission. In accordance with Rule 301 and Appropriate Pool Rules.

(I certify that the information given is true and complete to the best of my knowledge.)

Date May 8, 1962
By NEWMONT OIL COMPANY
Lerman L. Hutter
Superintendent Title

Page 2577



LOCO HILLS
NEWMONT OIL COMPANY
EDGE COUNTY, NEW MEXICO

Legend
• Oil Well
• Gas Well
• Water Well
• Road
• Railroad
• Boundary

6/10/25-77

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 7, 1962

EXAMINER HEARING

IN THE MATTER OF:)

Application of Newmont Oil Company for)
approval to drill a water injection well,)
Eddy County, New Mexico. Applicant, in)
the above-styled cause, seeks permission)
to drill the State "A" Well No. 3, to be)
located 1295 feet from the South line and)
2615 feet from the East line of Section)
36, Township 17 South, Range 29 East,)
Eddy County, New Mexico, for use as a)
water injection well in the Loco Hills)
Pool Waterflood Project.)

Case 2577

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: We will call next Case 2577.

MR. MORRIS: Application of Newmont Oil Company for
approval to drill a water injection well, Eddy County, New
Mexico.

We'll call a fifteen-minute recess.

(Whereupon, a recess was taken.)

(Whereupon, Newmont's Exhibit
No. 1 was marked for iden-
tification.)

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691



MR. NUTTER: The hearing will come to order, please.

MR. CAMPBELL: Jack Campbell, Campbell & Russell, Roswell, New Mexico. We have one witness, Mr. Darden.

(Witness sworn.)

FRANK DARDEN

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. CAMPBELL:

Q State your name, please. A Frank Darden.

Q Where do you live? A Fort Worth, Texas.

Q By whom are you employed and in what capacity?

A Newmont Oil Company as Manager of Operations.

Q What is your profession?

A Petroleum engineer.

Q Have you testified previously before the Commission or its Examiners as a petroleum engineer?

A I have.

MR. CAMPBELL: Are the witness's qualifications acceptable, Mr. Examiner.

MR. NUTTER: Yes, sir.

Q (By Mr. Campbell) Are you acquainted with the application of Newmont Oil Company in Case 2577?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, N. M.
PHONE 243 6691

FARMINGTON, N. M.
PHONE 325 1142

A Yes.

Q I refer you to what has been identified as Applicant's Exhibit No. 1 in this case and ask you to point out to the Examiner what you are seeking here.

A We are seeking permission to drill an unorthodox location injection well in the Northwest corner of the Southwest of the Southeast Quarter of Section 36. The reason for this location is to protect correlative rights between the Fair Oil Company lease to the north and the Newmont Oil Company lease to the south of this line.

The drilling of this well was agreed to as a part of an overall lease line cooperation agreement made between Newmont, General American Oil Company, Ambassador Oil Company and Fair Oil Company. It is in connection with that agreement that we desire to drill this well to fulfill our obligation under that lease line cooperation agreement.

Q Have all the appropriate parties executed the lease line agreement?

A Yes, sir.

Q On May 8, 1962, you submitted a request to the Commission for administrative approval, or if administrative approval could not be obtained, you requested a hearing. In that letter of May 8 you set out the proposed casing program; for the record will you

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FARMINGTON, N. M.
PHONE 325-1142

ALBUQUERQUE, N. M.
PHONE 243-0001

indicate to the Examiner the casing program for this well, if approved?

A Yes, we plan to set 450 feet of 8-5/8" surface casing which will be to the top of the salt, and cement it with 50 sacks of cement. We then will set an oil string at the top of the Loco Hills sand that will be 4 1/2", 9 1/2 pounds J-55 casing, and the top of the sand is expected at approximately 2700 feet, and the oil string will be cemented with 100 sacks of cement.

Q On Exhibit No. 1 you have indicated a number of injection wells in this area. Is water now being injected into these wells?

A Yes, sir.

Q Is it your opinion that in order to prevent waste and protect correlative rights it's necessary that this injection well you are proposing be drilled at this time?

A It is. The well is designed primarily to back up the two producing wells which fit into this pattern and thereby prevent waste and effect maximum recovery, and, as I previously stated, it's also required as one of the conditions for our lease line cooperation with the other operators, and thereby is protecting correlative rights.

MR. CAMPBELL: That's all the questions I have. I would like to offer in evidence Applicant's Exhibit No. 1 in

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FARMINGTON, N. M.
PHONE 325-1112

ALBUQUERQUE, N. M.
PHONE 243-6651



this case.

MR. NUTTER: Exhibit No. 1 will be admitted in evidence.

(Whereupon, Newmont's Exhibit No. 1 was received in evidence.)

MR. NUTTER. Any questions of Mr. Darden?

CROSS EXAMINATION

BY MR. NUTTER:

Q The green injection wells are on injection at this time?

A Yes, sir.

Q And the red well in Exhibit 1 is the proposed well and the subject of this hearing?

A That's right.

Q The location in the center of that 48 acres designated 2-A, will that be a producing well?

A Yes, that well is presently being fracked. It is completed and is being fracked for completion as a producer.

MR. NUTTER: Any further questions of Mr. Darden?

Mr. Irby.

BY MR. IRBY:

Q Mr. Darden, could you tell me approximately the top of the cement behind that 450 foot string of 8-5/8 after you put in the 50 sacks?

A Yes, that will bring cement to the surface on the

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FARMINGTON, N. M.
PHONE 325-1162

ALBUQUERQUE, N. M.
PHONE 243-6631



surface casing.

MR. IREY: Thank you, that's all.

MR. NUTTER: Any further questions? The witness may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Campbell?

MR. CAMPBELL: No, Mr. Examiner.

MR. NUTTER: Does anyone have anything they wish to offer in Case 2577? We will take the case under advisement and call Case 2578.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 21st day of June, 1962.

Ada Dearnley
Notary Public-Court Reporter

My commission expires: I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2577 heard by me on June 7, 1962.

[Signature]
Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 32-1112

ALBUQUERQUE, N. M.
PHONE 243-6691

7-14-68
for approval to drill a water
injection well in LOCO HILLS POOL.

CASE 23173 Application of MEMPHIS
for approval to drill a water
injection well in LOCO HILLS POOL.