

Cage No.

5013

Application, Transcripts,
Small Exhibits, Etc.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
Wednesday, June 27, 1973

EXAMINER HEARING

IN THE MATTER OF:

Application of Phillips Petroleum Company
for a waterflood project, Lea County, New
Mexico.

Case No. 5013

BEFORE: Elvis A. Utz,
Examiner

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick

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1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 MR. UTZ: Call Case 5013.

2 MR. CARR: Case 5013, application of Phillips
3 Petroleum Company for a waterflood project, Lea County,
4 New Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason
6 Kellahin, Kellahin & Fox, Santa Fe, appearing for the
7 applicant in association with Mr. Joe V. Peacock, a
8 member of the Texas Bar. We have one witness we'd like
9 to have sworn.

10 DALE J. FISHER,

11 a witness, having been first duly sworn according to law, upon
12 his oath, testified as follows:

13 DIRECT EXAMINATION

14 BY MR. KELLAHIN:

15 Q Would you state your name, please?

16 A Dale J. Fisher.

17 Q By whom are you employed and in what position?

18 A Phillips, Associate Reservoir Engineer.

19 Q Have you ever testified before the Oil Conservation
20 Commission or one of its Examiners?

21 A No, sir.

22 Q For the benefit of the Examiner, would you briefly
23 outline your education and experience as a geologist and
24 engineer?

25 A Yes, sir, I have a BS Degree in geological engineering

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1 from Texas A & M University. I worked 13 years for
2 Phillips Petroleum Company, the last four of which have
3 been as an Associate Reservoir Engineer.

4 Q Where have you worked for Phillips?

5 A In the Odessa area for the last four years, and prior to
6 that Boswell, Oklahoma; Buck-eye, New Mexico; and Borden,
7 Texas.

8 Q Did you say Buck-eye, New Mexico?

9 A Yes, sir.

10 Q In connection with your work with Phillips, does the
11 area involved in the application before the Examiner at
12 this time come under your jurisdiction?

13 A Yes, sir.

14 MR. KELLAHIN: Are the witness' qualifications
15 acceptable?

16 MR. UTZ: Yes, they are.

17 Q (By Mr. Kellahin) Mr. Fisher, are you familiar with the
18 application of Phillips Petroleum Company in Case 5013?

19 A Yes, sir.

20 Q Briefly, what does the applicant propose in this case?

21 A Phillips seeks permission to institute a waterflood
22 project in the Vacuum Grayburg-San Andres Pool by the
23 injection of water into the Grayburg-San Andres Formation.
24 Phillips proposes to convert to water injection its Lea
25 Wells Number 4 in Unit I and Number 6 in Unit O, both in

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1 Section 29, Township 17 South, Range 24 East, N.M.P.M.,
2 Lea County, New Mexico. And, also requests that
3 administrative procedures be authorized whereby said
4 project can be expanded to include lands and injection
5 wells in the area of the said project as may be
6 necessary in order to complete an efficient injection
7 pattern; that said administrative procedure should
8 provide for administrative approval for conversion to
9 water injection in exception to the well response
10 requirements of Rule 701 E-2 of the Commission Rules and
11 Regulations.

12 Q Now, referring to what has been marked as the Applicant's
13 Exhibit Number 1, which is a multiple page exhibit with
14 some attachments, would you discuss the information that
15 is shown on this exhibit?

16 A Yes, sir, on Page 2, shown is our intention to inject
17 in the Grayburg and San Andres interval between
18 approximately 4,400 to 4,800 feet. We would like to
19 inject fresh water in volumes of approximately 400
20 barrels of fresh water per day per well, and the source
21 of the injected fluid is to be from Texaco Incorporated,
22 and they obtained this water from the Ogallala Formation,
23 and it is fresh water.

24 Q Do you know what pressures will be involved in injecting
25 into this formation?

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1 A The pressures are not to exceed 2,500 pounds.

2 Q Now, turning to Pages 3 and 4 of the exhibit, would you
3 discuss the information shown on those?

4 A Yes, sir. These two pages are diagrammatic sketches of
5 the proposed downhole well equipment. It represents a
6 standard injection well completion. The injection
7 water flow would be down the tubing under a Baker "AD"
8 Tension Packer, which would be set at approximately
9 4,350 feet in the Phillips Lea Number 4. The sketches
10 also show the perforation interval to be injected into;
11 where the casing is set, which is 4 1/2-inch casing,
12 set at 4,769 in Number 4, and the same size casing set
13 at 4,797 in Number 6.

14 The two wells both have 8 5/8-inch casing set at
15 326 in Number 4 and 352 in Number 6, both being cemented
16 back to the surface. Also not shown on here is how the
17 annulus would be treated. In this case we would fill the
18 casing tubing annulus with an inert fluid and have a
19 pressure gauge set at the surface.

20 Q And you will use plastic-lined tubing, is that correct?

21 A Yes, sir.

22 Q The top of the cement on the production string on both
23 wells is also shown on the exhibit, is it not?

24 A Yes, sir.

25 Q Now, turning to the material in the package in the back of

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1 the exhibit, would you discuss that information?

2 A Yes, sir, if you would look at the well location further,
3 Lea Number 4, it's a Nuclear Log, and the 2-inch scale,
4 you will note that the formation tops have been marked
5 for the entire interval; and then on the 5-inch scale,
6 the bottom of the log, the Grayburg top has been marked
7 at 4,246, as well as the San Andres top at 4,642; and
8 the perforated intervals are marked on the log. The
9 same is true for the log of the Lea Number 6. It also
10 is a Gamma ray Neutron Log and it, too, has the formation
11 tops marked on the small scale, on the 2-inch scale,
12 and on the 5-inch scale the Grayburg top is marked at
13 4,190, and the San Andres top at 4,575, with the perforated
14 intervals being shown on the log.

15 Q Now, turning to the plat that is also included in the
16 exhibit, would you discuss the information shown on it?

17 A The Phillips Lea area takes in the wells in Section 29,
18 30, and one well that is shown as the Phillips Lea Number
19 3 in Section 31. The arrows mark the wells Number 4 and
20 Number 6 that we propose to convert to injection. I
21 might mention that of the wells in Number 29, all of them
22 are producing at the present time with the exception of
23 Number 21, which is shut down. In Section 30, Number 12,
24 19, 20, and 18 are all shut down, with the Phillips Lea
25 Number 3 in Section 31 producing. Each one of these wells

- 1 that are producing are producing at a rate by well test
2 of less than 4 barrels or less per day of oil.
- 3 Q Would you consider this at an advanced stage of
4 depletion, then?
- 5 A Yes, sir.
- 6 Q Now, is this a cooperating flood, Mr. Fisher?
- 7 A Yes, sir, we have entered into an agreement with the
8 West Vacuum Units which Texaco operates in return for
9 purchasing water from them to use for injection, to
10 convert this Well Number 4; and they have agreed to
11 convert the well shown on the plat in Section 28 in the
12 southwest corner; that is, BTA Number 1. They have
13 agreed to convert this well to injection, and they have
14 also agreed to the provision for supplying us water for
15 one additional well which we have chosen to be the
16 Number 6.
- 17 Q Now, Texaco also operates the area to the south, does it
18 not?
- 19 A Yes, sir, to the south.
- 20 Q Immediately south of your injection well?
- 21 A Of this Well Number 5 and 6.
- 22 Q And they voiced no objection to injection of water into
23 that well, have they?
- 24 A No, sir.
- 25 Q Do you have any cumulative production figures on the

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1 wells in this unit?

2 A Yes, sir, starting with Well Number 3, its cumulative
3 production as of 11/73 is 51,665 barrels; Well Number 4
4 has a cumulative figure of 33,349 barrels; Number 5,
5 34,755; Number 6, 22,303; Number 11, 16,949; Number 13,
6 12,694; Number 14 has 12,850; Number 21 has 36,661;
7 Number 12 has 3,228; Number 18 has 56,856; Number 19,
8 37,844; and Number 20, 41,583.

9 Q All of these wells are past the period of primary
10 production, are they not?

11 A Of course, they are still in primary production at a
12 very marginal rate.

13 Q Do you anticipate that by injecting water into the
14 formation, you will recover oil that would otherwise not
15 be recovered?

16 A Yes, sir.

17 Q Is this application, in your opinion, in the interest of
18 conservation and prevention of waste?

19 A Yes, sir.

20 Q Will the correlative rights of any offset operator be
21 interfered with?

22 A No, sir.

23 Q Was the material contained in Exhibit Number 1 prepared
24 by you or under your supervision?

25 A Yes, sir.

1 MR. KELLAHIN: At this time, I'd like to offer in
2 evidence Exhibit Number 1 and its attachments.

3 MR. UTZ: Without objection, Exhibit Number 1 will
4 be entered into the record of this case.

5 MR. KELLAHIN: That concludes the testimony, Mr.
6 UTZ.

7 MR. UTZ: Are there questions of the witness?

8 (No response.)

9 CROSS-EXAMINATION

10 BY MR. UTZ:

11 Q On the first page of Exhibit Number 1 is stated in
12 detail all of the provisions that you would like to have
13 in the order?

14 A Yes, sir.

15 MR. UTZ: The witness may be excused. Are there
16 statements in the case?

17 (No response.)

18 MR. UTZ: The case will be taken under advisement.
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REPORTER'S CERTIFICATE

I, JOHN DE LA ROSA, a Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

John De La Rosa
COURT REPORTER

I do hereby certify that the foregoing
is a true and correct record of the hearing of Case No. 5013
dated July 10, 1977.
New Mexico Oil Conservation Commission

INDEX

WITNESS

PAGE

DALE J. FISHER

Direct Examination by Mr. Kellahin

3

Cross-Examination by Mr. Utz

10

EXHIBITS

OFFERED

ADMITTED

Exhibit Number 1

10

10

dearnley, meier & mc cormick



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2098 - SANTA FE
87501

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMijo
MEMBER

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

July 16, 1973

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 5013
Order No. R-4591
Applicant:
Phillips Petroleum Co.

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
Aztec OCC

Other State Engineer Office

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. 5013
Order No. R-4591

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR A WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 27, 1973,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 13th day of July, 1973, 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, Phillips Petroleum Company, seeks
authority to institute a waterflood project on its Lea Lease,
Vacuum Grayburg-San Andres Pool, by the injection of water into
the Grayburg-San Andres formation through its Lea Wells Nos. 4
and 6 located in Units I and O, respectively, of Section 29,
Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.
- (3) That applicant proposes the injection of water through
internally plastic-coated tubing set in a packer with the annulus
filled with an inert fluid and a pressure gauge at the surface.
- (4) That the wells in the project area are in an advanced
state of depletion and should properly be classified as "stripper"
wells.
- (5) That the proposed waterflood project should result in
the recovery of otherwise unrecoverable oil, thereby preventing
waste.

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Case No. 5013
Order No. R-4591

(6) 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.

(7) That the applicant further seeks the establishment of an administrative procedure whereby additional producing and injection wells could be drilled at orthodox and unorthodox locations within the boundaries of the Lea Cooperative Waterflood Project in Section 29, Township 17 South, Range 34 East, NMPM, without notice and hearing.

(8) That approval of such an administrative procedure will not cause waste nor impair correlative rights provided no unorthodox location nearer than 330 feet to the outer boundary of the unit area is approved without notice and hearing.

IT IS THEREFORE ORDERED:

(1) That the applicant, Phillips Petroleum Company, is hereby authorized to institute a waterflood project on its Lea Lease, Vacuum Grayburg-San Andres Pool, by the injection of water into the Grayburg-San Andres formation through the following-described wells in Section 29, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico:

Lea Well No. 4, Unit I
Lea Well No. 6, Unit O

(2) That in each well water shall be injected through internally plastic-coated tubing; the annulus shall be filled with inert fluid and a pressure gauge shall be installed at the surface.

(3) That the subject waterflood project is hereby designated the Lea Cooperative Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(4) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(5) That the Secretary-Director of the Commission may approve such additional producing and injection wells at orthodox and unorthodox locations within the Lea Cooperative Waterflood Project in Section 29, Township 17 South, Range 34 East, NMPM, as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 330 feet to the outer boundary of the Lea Lease nor closer than

-3-

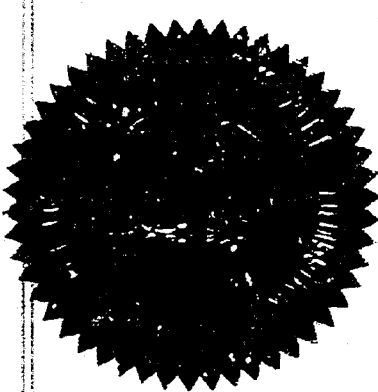
Case No. 5013
Order No. R-4591

ten feet to any quarter-quarter section or subdivision inner boundary, and provided that the application therefor has been filed in accordance with the provisions of Rule 701-B of the Commission Rules and Regulations.

(6) 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



I. R. Trujillo
I. R. TRUJILLO, Chairman

Alex J. Armijo
ALEX J. ARMIJO, Member

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

S E A L

dr/

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 27, 1973

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

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

CASE 4983: (Continued from the June 6, 1973, Examiner Hearing)

Application of Gulf Oil Corporation for simultaneous well dedication and non-standard locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of two wells to a standard 640-acre gas proration unit comprising all of Section 35, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, said wells being the W. A. Ramsay (NCT-A) Wells Nos. 20 and 7 at non-standard locations in the center of Units E and N, respectively, of said Section 35.

CASE 4966: (Continued from the June 6, 1973, Examiner Hearing)

Application of Read & Stevens, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 36, Township 12 South, Range 30 East, Chaves County, New Mexico, to be dedicated to a well to be drilled to the Queen formation in Unit B of said Section 36, in the Southeast Chaves Queen Gas Area. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a 200 percent charge for risk involved in drilling said well.

CASE 5008: Application of Hondo Drilling Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the perforated interval from 5034 feet to 5038 feet, or in the alternative, from 5128 feet to 5134 feet in its Gulf "NW" State Well No. 2 located in Lot 6 of Section 6, Township 24 South, Range 33 East, Triple "X" Delaware Pool, Lea County, New Mexico.

CASE 5009: Application of Wendell C. Welch for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 of Section 35, Township 17 South, Range 27 East, Eddy County, New Mexico.

CASE 5010: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Pennsylvanian formation underlying the N/2 of Section 18, Township 18 South, Range 26 East adjacent to the West Atoka Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled 1650 feet from the North line and 660 feet from the West line of said Section 18, the unorthodox location of which was previously approved by Commission Order No. k-4508. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 5011: Application of El Paso Natural Gas Company for extension of Order No. R-4342, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the provisions of Order No. R-4342, which order authorized the applicant to produce certain non-marginal wells in the San Juan 32-9 Unit Area, Blanco Mesaverde Pool, San Juan County, New Mexico, at full capacity while conducting tests, making up said overproduction by underproducing other non-marginal wells within the participating area.

CASE 5012: Application of Gandy Construction for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 of Section 11, or the SW/4 of Section 12, Township 10 South, Range 35 East, Lea County, New Mexico.

CASE 5013: Application of Phillips Petroleum Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation through its Lea Wells Nos. 4 and 6 located in Units I and O, respectively, of Section 29, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

Applicant further seeks an administrative procedure for the drilling of additional injection and producing wells at orthodox and unorthodox locations without further notice and hearing.

CASE 5014: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the W/2 of Section 26, Township 25 South, Range 24 East, adjacent to the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an orthodox location for said unit.

(Case 5014 continued from page 2)

Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 5015: Application of Michael P. Grace II and Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests down to and including the Morrow formation underlying the S/2 of Section 16, Township 24 South, Range 26 East, adjacent to the White City-Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an orthodox location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 4988: (Continued and Readvertised)

Application of Texaco Inc. for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Blinebry, Tubb, and Drinkard Oil Pools in the wellbore of its A. H. Blinebry Well No. 28 located in Unit A of Section 29, Township 22 South, Range 38 East, Lea County, New Mexico.

CASE 5016: Application of Atlantic Richfield Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Seven Rivers-Queen Unit Area comprising 2262 acres, more or less, of State and Fee lands in Townships 22 and 23 South, Range 36 East, Lea County, New Mexico.

CASE 5017: Application of Atlantic Richfield Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Seven Rivers-Queen Unit Area by the injection of water into the Seven Rivers and Queen formations through 28 wells located in Sections 27, 34, and 35, Township 22 South, Range 36 East, and Sections 2 and 3, Township 23 South, Range 36 East, Lea County, New Mexico.

CASE 5018: Southeastern nomenclature case calling for an order for the creation, extension and contraction of certain pools, and the assignment of an oil discovery allowable, Lea and Roosevelt Counties, New Mexico.

(a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Humble City-Wolfcamp Pool. The discovery well is the Pubco Petroleum Corporation

(Case 5018 continued from page 3)

Shipp No. 4 located in Unit I of Section 11, Township 17 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 11: SW/4

Also the assignment of an oil discovery allowable of approximately 47,970 barrels of oil to the aforesaid Shipp Well No. 4.

(b) Create a new pool in Lea County, New Mexico, classified as an oil pool for Queen production and designated as the Shinnery-Queen Pool. The discovery well is the Burleson & Huff Cinco de Mayo Federal No. 1 located in Unit C of Section 24, Township 18 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 24: NW/4

(c) Contract the Bagley-Pennsylvanian Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM
Section 34: S/2 NE/4

(d) Extend the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM
Section 34: S/2 NE/4

(e) Contract the South Prairie-Cisco Pool in Roosevelt County, New Mexico, by the deletion of the following described area:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
Section 28: NW/4

(f) Extend the East Brunson-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 13: NW/4

(g) Extend the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 1: NE/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 6: N/2

(h) Extend the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 7: NE/4

(i) Extend the Justis Tubb-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 12: NW/4

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Shaded (diffuse) P. ...
to convert to ...
... 29-17-30
... S.A. Pool the
...
...
(but ... coated) ...
... and into the ... S.A.
...
fluid and ...
gauge at the surface.

[Signature]

APPLICATION OF PHILLIPS PETROLEUM COMPANY

1. Applicant seeks permission to institute a waterflood project in the Vacuum Grayburg - San Andres Pool, by the injection of water into the Grayburg - San Andres formation.
2. Applicant proposes to convert to water injection its Lea Wells No. 4 (Unit I) and No. 6 (Unit O), both in Section 29, Township 17 South, Range 34 East, N.M.P.M., Lea County, New Mexico.
3. Applicant represents that the wells in the project area are in an advanced stage of depletion.
4. Applicant represents that the proposed waterflood will result in the recovery of otherwise unrecoverable oil, thereby preventing waste and will not impair the correlative rights of others.
5. Applicant requests that administrative procedures be authorized whereby said project could be expanded to include additional lands and injection wells in the area of the said project as may be necessary in order to complete an efficient injection pattern; that said administrative procedure should provide for administrative approval for conversion to water injection in exception to the well response requirements of Rule 701 E-2 of the Commission Rules and Regulations.

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<u>Phillips</u>	EXHIBIT NO. <u>1</u>
CASE NO.	<u>5013</u>
Submitted by	<u>Dale Fisher</u>
Hearing Date	<u>6-27-73</u>

Phillips Petroleum Company

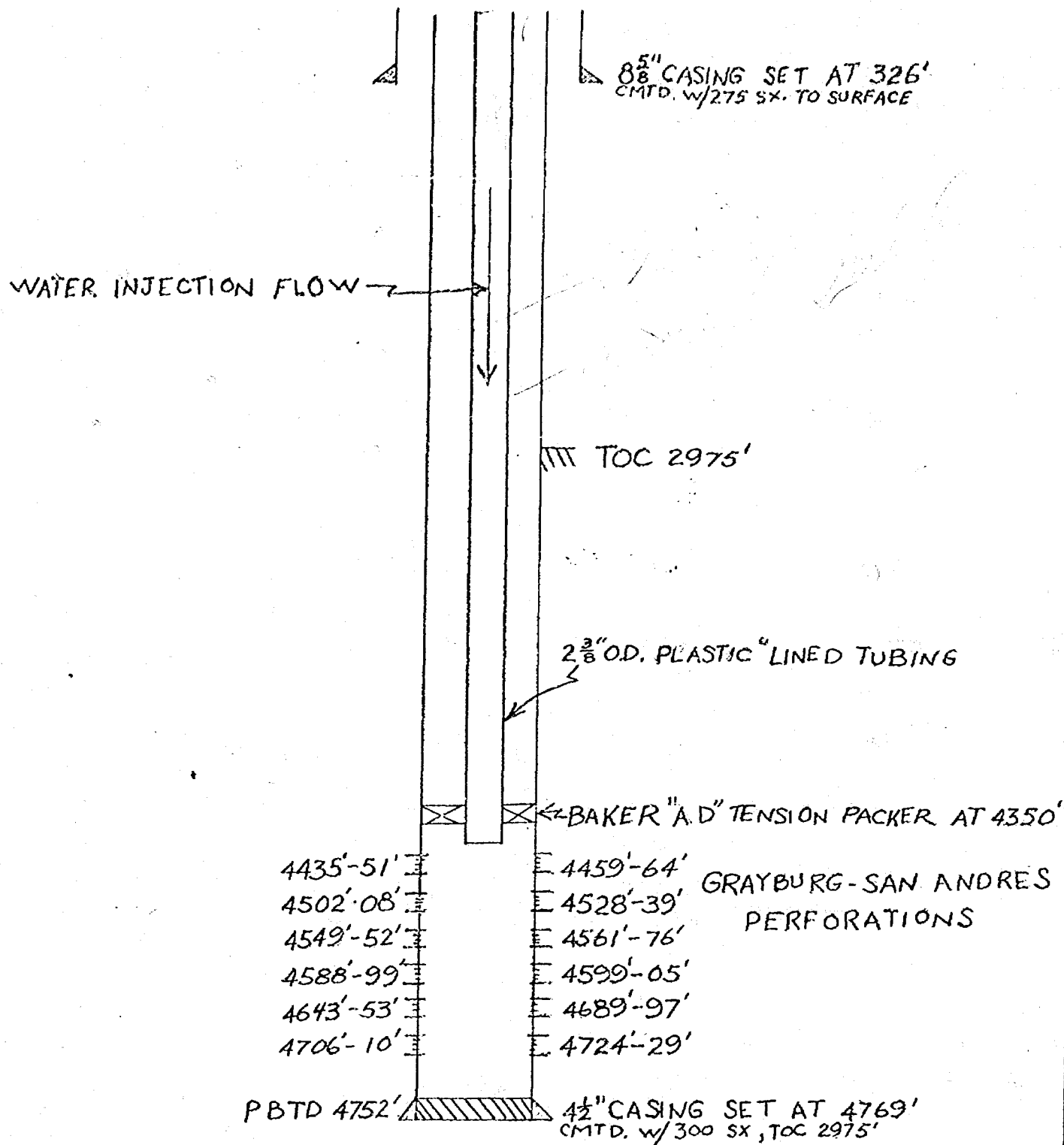
Application for Authority to Conduct Waterflood Operations

Lea Lease

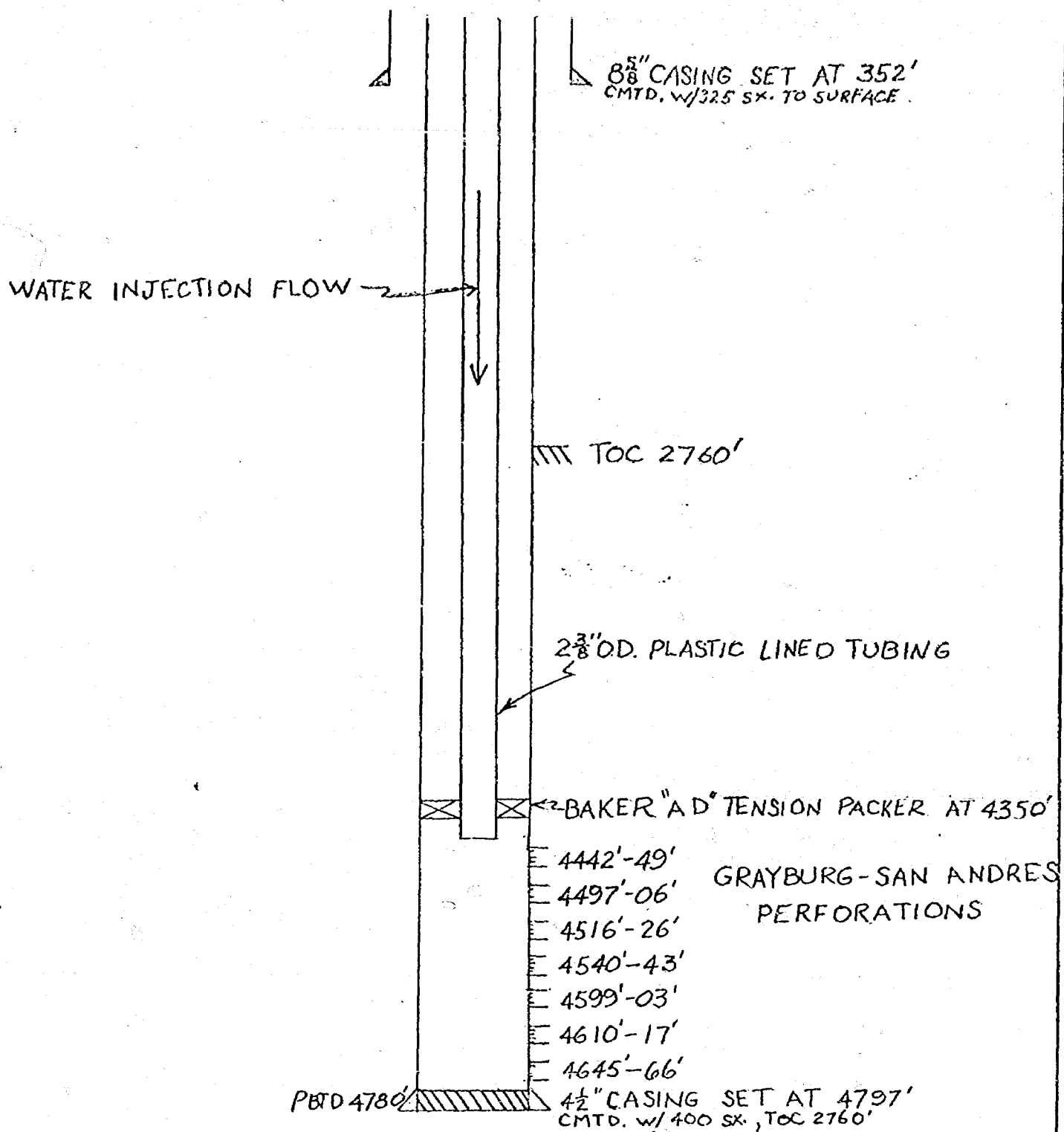
Vacuum Grayburg-San Andres Pool

Lea County, New Mexico

1. Injection Zone: Grayburg-San Andres interval between approximately 4400-4800'.
 2. Kind of Injection Fluid: Fresh water.
 3. Injection Volumes: 400 BFW/D/well.
 4. Source of Injection Fluid: Purchased from Texaco Inc.-- water rights in the Ogallala formation.
- 2500 [#] ac



PHILLIPS LEA NO. 4
SEC.29, T-17-S, R-34-E
LEA COUNTY, NEW MEXICO



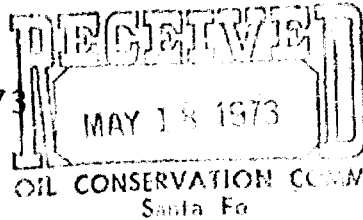
PHILLIPS LEA NO. 6
SEC. 29, T-17-S, R-34-E
LEA COUNTY, NEW MEXICO

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

KELLAHIN AND FOX
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500 DON GASPAR AVENUE
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SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

May 18, 1973



Case 5013

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

ATTENTION: Mrs. Ida Rodriguez

Re: Phillips Petroleum Company
Waterflood Project Application
Vacuum Grayburg-San Andres Pool
Lea County, New Mexico

Dear Mrs. Rodriguez:

Please find enclosed an original and two copies of Phillips Petroleum Company's application in the above referenced matter.

I request that the application be published so that it may be heard before the examiner's hearing to be conducted on June 20, 1973.

Very truly yours,

WTK

W. Thomas Kellahin

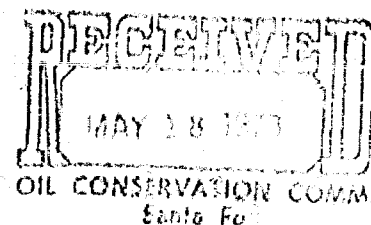
WTK:ks
Enclosure

cc: Mr. Joe Peacock

DOCKET MAILED

Date 6/12/73

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO



IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY FOR
AUTHORITY TO INSTALL AND OPERATE
A WATERFLOOD PROJECT IN THE
VACUUM GRAYBURG-SAN ANDRES POOL,
LEA COUNTY, NEW MEXICO.

Case 5013

A P P L I C A T I O N

COMES NOW PHILLIPS PETROLEUM COMPANY and applies to the Oil Conservation Commission of New Mexico for authority to install and operate a waterflood project in the Vacuum Grayburg-San Andres Pool, Lea County, New Mexico by the conversion of two wells to water injection, and for approval of administrative procedures for expansion of said waterflood project, and in support thereof would show:

1. Applicant seeks permission to institute a waterflood project in the Vacuum Grayburg-San Andres Pool, by the injection of water into the Grayburg-San Andres formation.

2. Applicant proposes to convert to water injection its Lea Wells No. 4 (Unit I) and No. 6 (Unit O) both in Section 29, Township 17 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

3. That the wells in the project area are in an advanced stage of depletion.

4. That the proposed waterflood project will result in the recovery of otherwise unrecoverable oil, thereby preventing waste and will not impair the correlative rights of others.

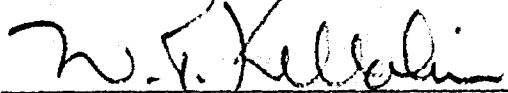
5. Applicant further requests that administrative procedures be authorized whereby modification or expansion of the unit including the drilling of additional injection wells and/or producing wells, and the conversion of existing wells to injection at both orthodox and unorthodox locations may be approved without further notice and hearing.

WHEREFORE, Applicant respectfully requests this matter be set for hearing before the Commission's duly appointed examiner and that after notice and hearing as required by law, the Commission enter its order approving the application as prayed for.

Respectfully submitted:

PHILLIPS PETROLEUM COMPANY

BY



KELLAHIN & FOX

P. O. Box 1769

Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT

OK

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

DRAFT

as/

CASE NO. 5013

Order No. R- 4591

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR THE
PURPOSE OF CONSIDERING:

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR A WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO.

ALP

JK

ORDER OF THE COMMISSION

Don

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 27, 1973,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of ~~July~~ 1973, 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, Phillips Petroleum Company, seeks
authority to institute a waterflood project ^{on its} ~~in the~~ *Lea*
~~Lease~~ *Unit Area*, Vacuum Grayburg-San Andres Pool, by the
injection of water into the Grayburg-San Andres formation through
its Lea Wells Nos. 4 and 6 located in Units I and O, respectively,
of Section 29, Township 17 South, Range 34 East, NMPM, Lea County,
New Mexico.

for (3) That applicant proposed the injection
of water through internally plastic-coated
tubing set in a packer with the
annulus filled with an inert fluid
and a pressure gauge at the surface.

int (3) (4) That the wells in the project area are in an advanced
state of depletion and should properly be classified as "stripper"
wells.

(5) That the proposed waterflood project should result in

draft

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Case No. 5013

Order No. R-

project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(7) That the applicant further seeks the establishment of an administrative procedure whereby additional producing and injection wells could be drilled at orthodox and unorthodox locations within the boundaries of the Lea Cooperative Waterflood Project in Section 29, Township 17 South, Range 34 East, NMPM, without notice and hearing.

(8) That approval of such an administrative procedure will not cause waste nor impair correlative rights provided no unorthodox location nearer than 330 feet to the outer boundary of the unit area is approved without notice and hearing.

IT IS THEREFORE ORDERED:

(1) That the applicant, Phillips Petroleum Company, is hereby authorized to institute a waterflood project ^{on its} ~~in the~~ Lea Lease ~~Unit Area~~, Vacuum Grayburg-San Andres Pool, by the injection of water into the Grayburg-San Andres formation ^{Section 29,} through the following-described wells in Township 17 South, Range 34 East, NMPM, Lea County, New Mexico:

Lea Well No. 4, Unit I

Lea Well No. 6, Unit O

note
(2) That ^{in each well} water shall be injected through internally plastic-coated tubing; the annulus shall be filled with inert fluid and a pressure gauge shall be installed ~~at~~ at the surface.

(3) That the subject waterflood project is hereby designated the Lea Cooperative Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

draft

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Case No. 5013

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with Rules 704 and 1120 of the Commission Rules and Regulations.

(6) That the Secretary-Director of the Commission may approved such additional producing and injection wells at orthodox and unorthodox locations within the Lea Cooperative Waterflood Project in Section 29, Township 17 South, Range 34 East, NMPM, as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 330 feet to the outer boundary of The Lea lease ~~said unit area~~ nor closer than ten feet to any quarter-quarter section or subdivision inner boundary, and provided that the application therefor has been filed in accordance with the provisions of Rule 701-B of the Commission Rules and Regulations.

(6) 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

ac/

CASE 5013: Appli. of PHILLIPS
PETROLEUM FOR A WATERFLOOD PROJECT
LEA COUNTY, NEW MEXICO.