CASE 5752: BETTIS, BOYLE & STOVALL FOR A SPECIAL ALLOWABLE, LEA COUNTY, NEW MEXICO

A STREET, STREE

CASE NO.

APPlication, Transcripts, Small Exhibits, ETC

	1 2 3	BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico September 1, 1976										
	4	EXAMINE	R HEARING									
	5											
sid morrish reporting service <i>General Court Reporting Service</i> Calle Mejia, No. 122, Santa Fe, New Mexico 87501 Phone (505) 982-9212	6	IN THE MATTER OF:										
	7	Application of Bettis, B										
	8	for a special allowable, New Mexico.	Lea County,) 5752									
	9)									
	10											
	11	BEFORE: Daniel S. Nutter, Example	miner									
	12	ͲϷϿΝϚϘϷͳϷ	T OF HEARING									
		TARIOCALP										
	13	APPEA	RANCES									
	14	For the New Mexico Oil	William F. Carr, Esq.									
sid mo l Gen 825 Calle Mejia,	15	Conservation Commission:	Legal Counsel for the Commission State Land Office Building									
825	16		Santa Fe, New Mexico									
	17	For the Applicant:	Owen M. Lopez, Esq. MONTGOMERY, FEDERICI, ANDREWS									
	18		& HANNAHS Attorneys at Law									
	19		P. O. Box 2307 Santa Fe, New Mexico									
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e 87501	9	EXHIBIT INDEX		
SETVICE Vice V Mexico 8	10		Offered	Admitte
	11	Bettis' Exhibit One, Plat	4	7
reporting <i>rı Reporting</i> Santa Fe, Ne 505) 982-9212	12	Bettis' Exhibit Two, Sketch	5	7
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	1	MR. NUTTER: The hearing will come to order please.
	2	The first case now will be Case Number 5752.
	3	MR. CARR: Case 5752, application of Bettis, Boyle
	4	& Stovall for a special allowable, Lea County, New Mexico.
	5	MR. LOPEZ: If the Examiner please, my name is Owen
	6	Lopez of the firm of Montgomery, Federici, Andrews and Hannahs
	7	appearing on behalf of the applicant. I have one witness to
	8	be sworn.
3e 87501	9	(THEREUPON, the witness was duly sworn.)
Service vice v Mexico 8	10	
ng se <i>Servic</i> New M 212	11	LARRY O. HULSEY
porti <i>teportin</i> anta Fe, 5) 982-9	12	called as a witness, having been first duly sworn, was
sh re <i>Court R</i> 122, S me (505	13	examined and testified as follows:
MOFTIS <i>General C</i> (ejia, No. 1 Phon	14	
sid mo Cen Calle Mejia	15	DIRECT EXAMINATION
825 (16	BY MR. LOPEZ:
	17	Q. Would you please state your name, residence, by
	18	whom you are employed and in what capacity?
	19	A. Larry O. Hulsey, Graham, Texas. I'm employed as
	20	a petroleum engineer for Bettis, Boyle & Stovall who is an
	21	independent producer in Graham.
	22	0. Have you previously testified before the Commission?
	23	A. No, I haven't.
	24	Q. Could you give us a brief explanation of your
	25	educational background and employment experience?

		Page
	1	A. I have a B.S. degree from the University of
	2	Oklahoma and have approximately ten years of experience as
	3	a petroleum engineer working for major and independent oil
	4	companies and T am a registered professional engineer.
	5	0. Do your employment duties with Bettis, Boyle &
	6	Stovall involve New Mexico operations?
	7	A. Yes, they do.
	8	Q Are you familiar with the application of Bettis,
\$7501	9	Boyle & Stovall in Case 5752?
Bervice vice Mexico 87501	10	A. Yes, I am.
118 80 8 Servic New M 212	11	MR. LOPEZ: Are his gualifications acceptable?
porti <i>teportin</i> anta Fe,) 982-9	12	MR. NUTTER: Yes, they are.
sh re <i>Court</i> A 122, S one (50 <u>5</u>	13	Q. (Mr. Lopez continuing.) What does the applicant
morrish General Co fejia, No. 13 Phone	14	in this case seek to obtain?
sid mo <i>Gen</i> 825 Calle Mejia,	15	A. We are seeking to obtain a capacity allowable for
825 (16	the V. H. Justis Well No. 2 located in Unit D of Section 20,
	17	Township 25 South, Range 37 East in Lea County, New Mexico.
	18	Q And this well is located in the Jalmat Oil Pool?
	19	A. Yes, it is.
	20	Q. Turning to Exhibit Number One would you please
	21	identify it and explain what it means?
	22	A. Exhibit Number One is a plat of the subject area
	23	involved in the Section 20 and in the northwest quarter is
	24	our V. H. Justis Well No. 2. Directly offsetting our well
	25	is an injection well. Directly north and then back to the
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1	west is a producer, Well No. 25, and another injection Well 24								
2	Q Now, these injection wells, No. 24 and 26, are part								
3	of a waterflood project, is that true?								
4	A. Yes, they are.								
5	Ω And who is the operator of the waterflood?								
6	A. Reserve Oil Company is the operator of this								
7	waterflood.								
8	0. Now, turning to Exhibit Number Two, will you								
9	identify it and explain what it means?								
10	A. Exhibit Number Two is a sketch of our well, the								
11	way it's completed, where the perforations are in the Seven								
12	Rivers and where our pipe is set.								
13	Q. And Exhibit Number Three, would you identify it and								
î4	explain what it represents?								
15	A. Yes, sir. Exhibit Number Three is a copy of the								
16	gamma ray neutron log on the V. H. Justis Well No. 2.								
17	Q. All right, Exhibit Number Four, would you identify								
18	it and explain what it represents? I think you should								
19	identify it and explain it in connection with Exhibit								
20	Number Five, as well.								
21	A. Exhibit Number Four is a monthly operator's report								
22	prepared by Reserve Oil and Gas that is sent to the Commission								
23	and on January of '75, I have marked on the second page in								
24	yellow what the production was for Well No. 25, and in January								
25	of '75 the actual barrels of oil produced for this well was								

sid morrish reporting service General Court Reporting Service Calle Meila, No. 122, Santa Fe, New Mexico 87;

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approximately one barrel of oil a day and no barrels of 2 water a day.

Exhibit Number Five for Reserve Oil Company is in June of '76 and I have also depicted Well No. 25 in yellow and this shows that the subject well is averaging over a hundred barrels of oil a day and in excess of fifty barrels 6 of water a day.

Now, this increase in the production capacity of 8 Q. the well, is it in your opinion due to the stimulation of the 9 10 waterflood project?

Yes, in my opinion it is. Α.

Turning to Exhibit Number Six would you explain 12 <u>0</u>. what it is? 13

A. Exhibit Number Six depicts our V. H. Justis Well No. 14 2 in a report that we file with the New Mexico Oil Conservation 15 Commission and I have shown our well in yellow again, whereby 16 our well is making eight barrels of oil a day in May of '75, 17 and attached to it is our report in July of '76 where our 18 well is capable of making eighty barrels of oil a day. 19 If I understand you correctly, then this Exhibit Q. 20 Number Six indicates a similar stimulation affecting your 21 well as it affected the Reserve Well No. 25? 22

That is correct. A.

Am I also to understand that you feel that if your 24 Q. 25 application is not granted that it will not be in the interests

ri Reporting Service 1, Santa Fe, New Mexico 87501 1505) 982-9212 sid morrish reporting service 825 Calle Mejia,

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1	of the prevention of waste and the protection of correlative
2	rights?
3	λ. Yes.
4	Q Were Exhibits One and Two prepared by you or under
5	your supervision?
6	A. Yes, they were.
7	MR. LOPEZ: And Exhibits Three through Six, I believe
8	are self-explanatory, the Examiner can take judicial
9	recognition if he so chooses, since the last three exhibits
10	are out of the Oil Conservation Commission and the log report
11	speaks for itself, so at this time I would like to introduce
12	Exhibits One through Six.
13	MR. NUTTER: Bettis' Exhibits One through Six will
14	be admitted into evidence.
15	(THEREUPON, Bettis' Exhibits One through
16	Six were admitted into evidence.)
17	
18	CROSS EXAMINATION
19	BY MR. NUTTER:
20	0. Mr. Hulsey, is it?
21	A. Yes, sir.
22	0. Mr. Hulsey, in looking at your Exhibit Number Six,
23	in seeing that the well has gone from eight barrels a day in
24	1975 to eighty barrels a day in 1976, is this well a flowing
25	well?
	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24

		Page8
	۱	A No, sir, it is not, it's a pumping well.
	2	Q Has there been any change in the pumping equipment or
	3	the well?
	4	A. During the past two months we have had to change
	5	the pumping equipment because of the increased fluid coming
	6	into the wellbore.
	7	Q The well pumping equipment didn't have the capacity?
	8	A. Right, it wouldn't pump the well down.
e 87501	9	Q Now, if you would have had your new, larger pumping
Service vice 87	10	equipment in the well back here in 1975 would it have made
Service	11	eighty barrels?
reporting 1 <i>Reporting</i> 505) 982-921	12	A. No, this increase happened about the same time as
1 3 2 3	13	our offset operator, it has been just a gradual increase
morrish <i>General Cou</i> fejia, No. 122	14	during the last six months.
2	15	Q In other words, the equipment that was installed
sid 825 Calle	16	in 1975 was adequate to pump the well down?
	17	A. Right.
- 4 -	18	Q Now, I notice also that there has been a rather
	19	dramatic change in the GOR on this well, to what do you
- 1	20	attribute that?
	21	A. I would attribute that to the increased influx of
t.	22	new oil.
	23	0. In other words, that is also a reflection of the
	24	water injection?
	24	A. Right.

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Now, do you know how much water they are injecting 1 0. 2 in this Well No. 26 to your north? In their application they specified that they would 3 Α. inject three hundred and fifty barrels a day in both of those 4 particular wells. 5 But you haven't examined the records of either that Q. 6 company or the Commission to determine how much water they are 7 actively injecting? 8 Not recently, no, I haven't. A. 9 sid morrish reporting service General Court Reporting Service Calle Mejia, No. 122, Santa Fe, New Mexico 87501 Phone (505) 982-9212 MR. NUTTER: Mr. Lopez, with your consent we will 10 take administrative notice of the injection records that 11 Reserve has filed with the Commission. 12 MR. LOPEZ: That will be fine, Mr. Examiner. 13 (Mr. Nutter continuing.) Are there any other Q. 14 injection wells on this lease, Mr. Hulsey? 15 Yes, there are. Those were the two main injection 825 A. 16 wells that I chose to pick but there are other injection wells 17 and you can see from Exhibit Number Five, June of '76, and 18 just from the well status column on the first page, I see 19 two, three, four, five, six, seven, eight, nine, ten, eleven, 20 twelve, thirteen -- I see thirteen injection wells. Those 21 are the closest ones to our particular well. 22 Q. Apparently according to your Exhibit Number Five, 23 the well immediately north of No. 26, this No. 22, is also an 24 injection well and the well east of that, the No. 23 is an 25

	Page10
1	injection well. No, the one directly north is a producer.
2	A. Right.
3	\emptyset The one northeast of 26 is an injection well?
4	A. Right.
5	MR. NUTTER: Are there any further questions of
6	Mr. Hulsey? He may be excused.
7	(THEREUPON, the witness was excused.)
8	MR. NUTTER: Is there anything further, Mr. Lopez?
9	MR. LOPEZ: No, sir.
10	MR. NUTTER: Does anyone have anything they wish t
11	offer in Case 5752? We will take the case under advisement.
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sid morrish reporting service

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.

Sidney Morrish, C.S.R. Ę./

a complete record of the proceedings in the Examiner hearing of Cape No. S neard by me New Mexico Oil Conservation Comission Taninan

sid morrish reporting service General Court Reporting Service 825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501 Phone (505) 982-9212 1

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OIL CONSERVATION COMMISSION

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

PHIL R. LUCERO

September 17, 1976



DIRECTOR JOE D. RAMEY

.

Re: Mr. Owen Lopez Montgomery, Federici, Andrews, Hannahs & Buell Attorneys at Law Post Office Box 2307 Santa Fe, New Mexico 87501 CASE NO. 5752 ORDER NO. R-5281

Applicant:

Bettis, Boyle & Stovall

Dear Sir:

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

Yours very truly, JOE D. RAMEY /Director

JDR/fd

ALL SIT

Copy of order also sent to:

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Hobbs OCC	x	
Artesia OCC	x	
Aztec OCC		

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. 5752 Order No. R-5281

APPLICATION OF BETTIS, BOYLE & STOVALL FOR A SPECIAL ALLOWABLE, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 1, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this <u>16th</u> day of September, 1976, 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, Bettis, Boyle & Stovall, is the owner and operator of the V. H. Justis Well No. 2 located in Unit D of Section 20, Township 25 South, Range 37 East, NMPM, Jalmat Pool, Lea County, New Mexico.

(3) That said well is offset to the North by a water injection well in an active waterflood project in said Jalmat Pool.

(4) That said well has received a response to the injection of water into the Seven Rivers formation in the offsetting waterflood project.

(5) That if applicant's said V. H. Justis Well No. 2 is not permitted to produce at capacity, oil may be swept from under said V. H. Justis Lease across lease lines onto other producing leases in the area.

(6) That to prevent waste and protect correlative rights, the NW/4 NW/4 of Section 20, Township 25 South, Range 37 East, NMPM, should be designated a Waterflood Buffer Zone in the -2-Case No. 5752 Order No. R-5281

Jalmat Pool, Lea County, New Mexico and applicant's V. H. Justis Well No. 2 located on said 40-acre tract should be permitted to produce at capacity.

(7) That the subject application should be approved and that monthly buffer zone project reports should be filed with the Commission on Form C-120.

IT IS THEREFORE ORDERED:

(1) That the NW/4 NW/4 of Section 20, Township 25 South,
Range 37 East, NMPM, Jalmat Pool, Lea County, New Mexico, is
hereby designated a Waterflood Buffer Zone, and the Bettis, Boyle
& Stovall V. H. Justis Well No. 2 located thereon is authorized
an allowable equal to its ability to produce.

(2) That the applicant herein shall file a Buffer Zone Project report monthly with the Hobbs District Office of the Commission on Commission Form C-120 setting forth thereon production data concerning the above-described well.

(3) That such Buffer Zone Project report shall be filed commencing with the month of assignment to the subject well of allowable in excess of the pool top unit allowable.

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

DONE at Santa Fe, <u>New Mexico</u>, on the day and year hereinabove designated.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

Awell

JOE D. RAMEY, Member & Secretary

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NEW MEXICO OIL CONSERVATION COMMISSION BON 871 SANTA FE, NEW MENICO OPERATOR'S MONTHLY REPORT

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(DATE)

(BIGHATURO) District Clerk

(POSITION)

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NEW MEXICO OIL CONSERVATION COMMISSION · BON 871 SANTA FE, NEW MEXICO OPERATOR'S MONTHLY REPORT

Interna First Savings Bldg., Midland, Texasor WONTH or Jonnary 1975 2. 12 Reserve Oil and Gas Company DISPOSITION OF GAS DISPOSITION OF D DAYS PY00. YELEND, WHIT SEC. THR. FND. GAS OIL CH OIL ON ACTUAL RONTHLY DISRELS BARRELS TO 000 **P2000025** USCO ON HAND TRANS HAND EARLES OF WATER VENTED SOLD PURCH. OTHER OTHER ALLO-AGLE PRODUCED TPANS HC# LEASE PORTER END OF BEG. OF PRODUCED POOL NAME (UNDERLINE PORTER NONTH NONTH WHILE NAVE AND STATE LAND LEASE NUMBER OF NEDERAL LEASE NUMBER JALMAT OIL POOL South Langlie Jal Unit 16 G 18 25 37 🐺 -31 17 H 18 25 37 P 2635 2155 1343 31 1796 1326 EPG 17 SHL 31 18 E 17 25 37 -19 F 17 25 37 P 186 120 356 351 0 31 5 EPG 5HL 20 J 18 25 37 62. 412-31 407 209 0 5 EPG SHL ____ 21 I 18 25 37 ----31 22 L 17 25 37 P 620 539 1121 15 150 31 1106 EPG ЪНL . 23 K 17 25 37 31 24 0 18 25 37 P 62 75 31 74 29 0 1 EPG SHL 25 P 18 25 37 P 49 186 30 31 0 50 EPG SHL 26 M 17 25 37 - 62 31 0 マー 31 1 73 EPG SHI . . 27 N 17 25 37 P 372 117 60 0 119 31 2 EPG SHI 23 917 17,418 17718 12983 17,528 400 172 12,811 510 SHL EPG 574745 CODE 544 - 47104 15 14 - 47104 15 04 - 4719210 "OTHER" OIL DISPOSITION CODE I HEREBY CERTIFY THAT THE INFORMATION GIVEN IS TRUE AND C - - - CIRCULATING OIL COMPLETE TO THE SEST OF MY KNOWLEGGE. L - - - - LOST S ---- SEDIMENTATION (BSAW) 2-21-75

----- XUEST (1)

E - - - EXPLANATION ATTACHED

(SIGNATURE) District Clerk

(POSITION)

NEW MEXICO OIL CONSERVATION COMMISSION BOX 871 SANTA FE, NEW MEXICO OPERATOR'S MONTHLY REPORT

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3 NEREBY CERTIFY THAT THE INFORMATION GIVEN IS TRUE AND

COMPLETE TO THE BEST OF MY KNOWLEGGE.

(POSITION)

SIGNATURE) District Clerk

NEW MEXICO OIL CONSERVATION COMMISSION BOX 871 SANTA FE, NEW MENICO **OPERATOR'S MONTHLY REPORT** First Savings Bldg., Midland, Te

------SUBMIT: DEIGINAL TO OCC SANTA PE DHE COPY TO OCC DIST. GEFICE OHE COPY TO TRANSPORTER

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	NEXICO OIL CONSERVATION COMMISSION
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Bettis, Boyle & Stovall

in that, was a well shall a second as a shareboard concerning the top unit allowable for the pool in which well is of provide the end of its call maged to take advantage of this 25 percent tolerance in order that well can be assigned and s . . Sa.

Thereby config that the above information is true and complete to the best of ray knowtedge and benef.

4) - (ore: 26: 25%)

increased	d allowables when authorized by the Conmission.
G	ias volumes must be reported in MCE non-sured of a pressure base of 15,025 psia and a temperature of 60° F. Specific gravity base
will be 0	.60.

Report casing pressure in lists of futting pressure tor any well producing through casing.

Moli original and one copy of the report of the of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate post rules.

Larry O. Hulsey, Petro. Eng. May 30, 1975

10.00

NEW MEXICO OIL CONSERVATION COMMISSION GAS-OIL RATIO TESTS

C-116 Revised 1-1-65

Bettis, Boyle and St Ress Box 1168 Graham	m, Texas			6046		1	YPE	E OF - (X)	1	$\frac{S}{X}$		<u>Lea</u>	letion	 	Spec	:10)
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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. I hereby certify that the above information is true and complete to the best of my knowledge and belief.

(Signature) (Hulsey Petr. Eng. Larry Ο. (Title) July 23, 1976

(Dale)

Gas volumes must be reported in MCF measured at a pressure base of 15.625 psia and a temperature of 60° F. Specific gravity base

Report casing pressure in Heu of tubing pressure for any well producing through casing.

wiii be 0.60.

سالم منها المساركين المساح

Mail original and one copy of this report to the district office of the New Mexico Oli Conservation Commission in accordance with Rule 301 and appropriate pool rules.

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION FOP EXCEPTION TO POOL ALLOWABLE FOR THE JALMAT OIL POOL, SECTION 20, T25S, R37E, LEA COUNTY, NEW MEXICO.

Case No. 5752

note to

68 CO 665

<u>A P P L I C A T I O N</u>

Comes now Bettis, Boyle & Stovall by and through their attorneys, Montgomery, Federici, Andrews & Hannahs, and in support of their application for an exception to the pool allowable for the Jalmat Oil Pool, Lea County, New Mexico, state:

(1) Applicant is the operator of the V. H. Justis #2 Well located in the NW/4 NW/4 NW/4 of Section 20, T 25 S, R 37 E, Lea County, New Mexico.

(2) Prior to July 12, 1976, the V. H. Justis #2 Well was producing substantially less than the pool allowable for the Jalmat Oil Pool which allowable is set at 80 barrels of oil per day.

(3) As a result of Reserve Oil & Gas Company's Langlie Jal Uhit Waterflood Project to the north of the subject well, and specifically as a result of injection into the South Langlie Jal Unit No. 26 which directly off-sets the subject well, the subject well has experienced considerable response allowing it to produce in excess of the pool allowable.

(4) If applicant's request for an exception to the pool allowable for the V. H. Justis #2 is not granted, the waterflood project of Reserve Oil & Gas Company will cause the oil which applicant would otherwise have recovered to be swept by, contrary to the interests of the prevention of waste and the protection of correlative rights.

(5) If applicant's request is not granted, the waterflood project of Reserve Oil & Gas shall cause the V. H. Justis #2

to water out prematurely, contrary to the interests of the prevention of waste and the protection of correlative rights.

WHEREFORE, applicant requests that this matter be set before the Commission or one of its examiners and that the granting of the application shall prevent waste and protect correlative rights.

-2-

Respectfully submitted,

MONTCOMERY, FEDERICI, ANDREWS & HANNAHS

By P. O. Box 2307 Santa Fe, New Mexico 87501

Attorneys for Applicant

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

ORDER OF THE COMMISSION

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

CASE	№	5	752
Orde	NO.	R	528!

APPLICATION OF BETTIS, BOYLE & STOVALL FOR A SPECIAL ALLOWABLE, LEA COUNTY, NEW MEXICO.

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on <u>September 1</u>

19 76 , at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this <u>day of September</u>, 1976, 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, Bettis, Boyle & Stovall, is the owner and operator of the V. H. Justis Well No. 2 located in Unit D of Section 20, Township 25 South, Range 37 East, NMPM, Jalmat Pool, Lea County, New Mexico. -2-Case No. 5752 Order No. 8-

(3) That said well is offset to the North by a water injection well in an active waterflood project in said Jalmat Pool.

(4) That said well has received a response to the injection of water into the Seven Rivers formation in the offsetting waterflood project.

(5) That if applicant's said V. H. Justis Well No. 2 is not permitted to produce at capacity, oil may be swept from under said V. H. Justis Lease across lease lines onto other producing leases in the area.

(6) That to prevent waste and protect correlative rights, the NW/4 NW/4 of Section 20, Township 25 South, Range 37 East, NMPM, should be designated a Waterflood Buffer Zone in the V.H.Justis Jalmat Pool, Lea County, New Mexico and applicant's Well No. 2 located on said 40-acre tract should be permitted to produce at capacity.

(7) That the subject application should be approved and that monthly Buffer zone Project reports should be filed with the Commission on Form C-120.

IT IS THEREFORE ORDERED:

(1) That the NW/4 NW/4 of Section 20, Township 25 South, Kange 37 East, NMPM, Jalmat Pool, Lea County, New Mexico, is hereby designated a Waterflood Buffer Zone, and the Bettis, Boyle & Stovall V. H. Justis Well No. 2 located thereon is authorized an allowable equal to its ability to produce.

(2) That the applicant herein shall file a Buffer Zone Project report monthly with the Hobbs District Office of the Commission on Commission Form C-120 setting forth thereon production data concerning the above-described well. -3-Case No. 5752 Order No. R-

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(3) That such Buffer Zone Project report shall be filed commencing with the month of assignment to the subject well of allowable in excess of the pool top unit allowable.

(4) 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.

(2) That the applicant, Bettis, Bayle & Stovall, is the owner and operator of the V.H. Justis Well BO. 2 losated in Unit Dof Deckion 20 Township 25 South, Kauge 37 East, WMPM, Jalmat Pool, Les County hew keyed. (3) That said were is effect to the # north and tast degawater injection wells in an active waterflood project m said Jalmar Good. (4) That said where has received a response to the injection of water into the Seven Rivers Jarmatian in the offsetting Water flood project. (5) Viliat is applicant's said V. H. Justic Wree No. 2 is not permitted to peo-duce at capacity, oil may be surpt from under said V.H. Justis Leave acres base lings onto other producing leaves was one undilled accage to the (6) That to prevent waste and procesh cognelation sight Better and the NW/4 NWT4 of Section 20 Trependuisks South Range 37 East, and the view should be designed the applicants will it's 2 house one in the helped and Noal her County lies helped and Noal her county lies (7) That the subject explication should be approved and That the subject explication should be approved and That monthly suffer Jone Praject reports should be filed with the Commission of Form C-120.

IT IS THEREFORE ORDERED:

(1) That the NUTH WITH of Rection 20, Township 25 South Range 37 East, NMPM, Jalmat Pool, Rea County, new Arcies, Tis hereby disignated a waterflood Buffer zone and the Bettis, Boyle \$ Stovale V. H. Quetis Well To. 2 Located therem is authorized an allowake equal to its ability to produce. (2) That the applicant herein shall file a Suffer zone Project report monthly with the Holds District. Office of the Commission on Commis Form C-120 setting Josth thereon production data concerning the lacove described well. (3) That such Breffer Zone Project report shall be filed communing with the month of assignment of allowaan in excess the popl Asp with accowacie. to the subject were (4) Jurisdiction