ASE 2805: Application of MEMMONT IIL CO. for an amenda IO. R-2178-B, Eddy



APPlication, Transcripts, SMAIL Exhibits ETC.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF NEWMONT OIL COMPANY FOR AN ORDER AMENDING ORDER R-2178-B AS TO THE DATES SET FOR THE STAGE DEVELOPMENT

No. 2805

APPLICATION

COMES NOW Newmont Oil Company, by its attorney, and states:

- 1. It is the Operator of the Loco Hills Waterflood Project in Eddy County, New Mexico.
- 2. By its Order R-2178-B, the Commission established an administrative procedure whereby Applicant may convert wells to injection by stages within its Loco Hills Sand Unit Waterflood Project, Eddy County, New Mexico. Five stages were designated and described and dates set for the beginning and completion of each stage.
- 3. That due to procedural difficulties in connection with the formation of the unit due to no fault of the Applicant, it has been impossible to follow the stages as set out in said Order R-2178-B.
- 4. It is necessary that a new schedule for the stage development be authorized in order for Applicant to comply with the Order of the Commission.

WHEREFORE, Applicant requests the Commission to set this matter down for hearing before its Examiner, publish notice as required by law and, after hearing, issue its Order establishing a

new administrative procedure for the five stage development of its waterflood in the Loco Hills Grayburg No. 4 Sand Unit area in Eddy County, New Mexico.

Respectfully submitted,

NEWMONT OIL COMPANY

Attorney at Law
P. O. Drawer 640
Roswell, New Mexico

DATED: April 25, 1963

DOCKET: REGULAR HEARING - WEDNESDAY - MAY 15, 1963

OIL CONSERVATION COMMISSION - 9 A.M., ELKS CLUB, 200 NORTH RICHARDSON AVENUE, ROSWELL, NEW MEXICO

ALLOWABLE:

- (1) Consideration of the oil allowable for June, 1963.
- (2) Consideration of the allowable production of gas for June, 1963, from ten prorated pools in Lea and Eddy Counties, New Mexico, and also presentation of purchasers' nominations for said pools for the six-month period beginning July 1, 1963; consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico for June, 1963.

CASE 2802:

Application of J. R. Cone for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cone Jalmat Yates Pool Unit Area comprising 1,760 acres of State land in Township 22 South, Range 35 East, Lea County, New Mexico.

CASE 2803:

Application of J. R. Cone for a waterflood project, Lea County, New Mexico. A plicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Yates formation, Jalmat Pool, through 4 wells located in Units J, L and N of Section 13, and Unit D of Section 24, Township 22 South, Range 35 East, Lea County, New Mexico.

CASE 2804:

Application of John W. Gates for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in the White City-Pennsylvanian Gas Pool underlying all of Section 29, Township 24 South, Range 26 East, Eddy County, New Mexico.

CASE 2805:

Application of Newmont Oil Company for an amendment of Order No. R-2178-B. Applicant, in the above-styled cause, seeks an amendment of Order No. R-2178-B, which order established an administrative procedure for expansion by stages of the Loco Hills Sand Unit Waterflood Project, Eddy County, New Mexico. Said amendment is necessitated by unexpected delay in commencing initial injection in the unit area.

CASE 2806:

Application of Sun Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause,

-2-Docket No. 14-63

seeks an order force pooling all mineral interests in the Oil-Center Blinebry Pool underlying the W/2 SW/4 of Section 3, Township 21 South, Range 36 East, Lea County, New Mexico.

- CASE 2807: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider a revision of Rule 1301 of the Commission Pules and Regulations to include Grant, Sierra, Midalgo, and Luna Counties of Oil Conservation Commission District No. 3, headquarters of the New Mexico.
- CASE 2808: In the matter of the hearing called by the coll Conservation Commission on its own motion to consider a revision of Rule 112 of the Commission Rules and Regulations to permit the administrative approval by the Secretary-Director of the Commission of Triple completions (conventional).
- CASE 2809: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider revision of Rule 701-B, 701-C, and 701-F of the Commission Rules and Regulations insofar as said rules relate to the method of making application for hearings or administrative approval for injection or disposal wells.
- CASE 2810: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the revision of Rule 401 of the Commission Rules and Regulations to require open flow potential tests of natural gas wells upon completion and after workovers only rather than annually as now required.
- CASE 1811: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the revision of Rule 402 of the Commission Rules and Regulations to require shut-in pressures of natural gas wells annually only rather than semi-annually as now required.
- CASE 2812: Southeastern New Mexico nomenclature case calling for an order for the creation, contraction, abolishment, and extension of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.
 - (a) Create a new gas pool for Strawn production, designated as the Autology of the Attended as:

SANTONIA (MARKATA) (MARKATATA) (MARKATATA) (MA

(b) Create a new oil pool for Abo production, designated as the Midway-Abo Pool, and described as:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 9: S/2 Section 16: NW/4 Section 17: NE/4

(c) Create a new oil pool for San Andres production, designated as the Penasco-San Andres Pool, and described as:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM Section 25: NW/4

(d) Contract the Robinson (Grayburg-San Andres) Pool in Eddy and Lea Counties, New Mexico, by deletion of the following-described acreage in Eddy County:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM

Section 25: S/2 and S/2 NE/4

Section 35: All Section 36: All

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 1: S/2 and E/2 NW/4

Section 2: All

Section 11: E/2 and N/2 NW/4

(e) Abolish the North Robinson-Queen-Grayburg-San Andres Pool in Eddy County, described as:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM Section 24: NE/4

(f) Extend the Grayburg-Jackson Pool to include:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM

Section 24: W/2 SE/4 and SW/4 NE/4

Section 25: \$/3 and NE/4

Section 35: All

Section 36: All

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 1: N/2 and E/2 SE/4

Section 2: All

Section 11: All

Docket No. 14-63

- (g) Extend the Artesia Pool to include:

 TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
 Section 24: SE/4
- (h) Extend the Corral Canyon-Delaware Pool to include:

TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM Section 17: W/2 SW/4 Section 20: NW/4 NW/4

- (i) Extend the Henshaw-Wolfcamp Pool to include:

 TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
 Section 23: SE/4
- (j) Extend the High Lonesome Pool to include:

 TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
 Section 23: E/2 E/2
- (k) Extend the Inbe-Pennsylvanian Pool to include:

 TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
 Section 18: W/2 NE/4 and NW/4
- (1) Extend the North Justis-Blinebry Pool to include:

 TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
 Section 2: S/2 NE/4 and SE/4
- (n) Extend the North Justis-Tubb Drinkard Fool to include:

 TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
 Section 2: SW/4
- (o) Extend the Pearl-Queen Pool to include:

 TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
 Section 36: SE/4

 TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
 Section 1: N/2 NE/4

Docket No. 14-63

(p) Extend the Sawyer-San Andres Gas Pool to include:

TOWNSHIP 9 SOUTH, RANGE 38 EAST, NMPM
Section 31: SE/4

(q) Extend the Vacuum-Devonian Pool to include:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM Section 35: NE/4 Section 36: NW/4

(r) Extend the Vacuum-Glorieta Pool to include:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM Section 36: SW/4

(s) Extend the Wantz-Abo Pool to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM Section 26: SW/4 Section 35: W/2

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM Section 2: All

(t) Extend the West Henshaw-Grayburg Pool to include:

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM Section 33: S/2 SE/4 Section 34: SW/4 SW/4

(u) Extend the Diablo-San Andres Pool to include:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM Section 21: NE/4 NE/4 Section 22: NW/4 NW/4

(v) Extend the Windmill-San Andres Pool to include:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM Section 10: W/2 SW/4 Section 15: NW/4 NW/4

(w) Extend the West Allisc - Pennsylvanian Pool to include:

TOWNSHIP 8 SOUTH, RANGE 35 EAST, NMPM Section 36: NE/4

Extend the Milnesand-San Andres Pool to include: (x)

TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM Section 1: S/2 SE/4 section 12: NE/4

section 24: SW/4

TOWNSHIP 8 SOUTH, RANGE 35 CAST, NMPM Section 5: N/2 SE/4

(y) Extend the South Prairie-Pennsylvanian Pool to include:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM

Northwestern New Mexico nomenclature case calling for an order extending certain existing pools in Rio Arriba, San Juan, and Sandoval Counties, New Mexico. CASE 2813:

Extend the Aztec-Pictured Cliffs Pool to include:

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM Section 14: SW/4 section 23: N/2

(b) Extend the Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM

(c) Extend the South Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 23 NORTH, RANGE 2 WEST, NMPM Section 2: All Section 3: E/2

Section 11: All section 12: W/2

TOWNSHIP 27 NORTH PANGE 5 WEST, NMPM

(d) Extend the Blanco-Mesaverde Pool to include:

TOWNSHIP 32 MORTH, RANGE 5 WEST, NMPM Partial Section 18: All

Partial Section 19: All

- (e) Extend the Puerto Chiquito-Gallup Oil Pool to include:

 TOWNSHIP 27 NORTH, RANGE 1 EAST, NMPM
 Section 20: SE/4 SW/4
- (f) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 15 WEST, NMPM Section 10: SE/4 SW/4

a. p. 7865 TELEPHONE 622-4641 AREA CODE 505

LAW OFFICES OF

JOHN F. RUSSELL SUITE ICTO SECURITY NATIONAL BANK BUILDING P. O. DRAWER 640

ROSWELL, NEW MEXICO

April 25, 1963

Mr. Daniel S. Nutter Oil Conservation Commission Box 871 Santa Fe, New Mexico

Dear Mr. Nutter:

Pursuant to your discussion with Mr. Charles Langdon of Newmont Oil Company, I transmit herewith an application for a hearing in connection with Order R-2178-В.

Very truly yours,

JFR:np

Enclosure

DOCKET M. ILED

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. 2805 Order No. R-2178-C

APPLICATION OF NEWMONT OIL COMPANY FOR AN AMENDMENT OF ORDER NO. R-2178-B.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 15, 1963, at Roswell, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 11th day of June, 1963, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 Order No. R-2178-B established an administrative procedure authorizing Newmont Oil Company to convert wells to injection by stages within its Loco Hills Sand Unit Waterflood Project Area, Eddy County, New Mexico.
- (3) That Order No. R-2178-B established five stages for conversion to water injection with specific dates for operation of each stage of the flood.
- (4) That although the applicant attempted in good faith to comply with the provisions of Order No. R-2178-B, the applicant was unable to finalize the unit agreement in time to comply with the specific dates set out in Order No. R-2178-B.
- (5) That the applicant now seeks an amendment of Order No. R-2178-B to provide that Stage I will commence six months after the effective date of the unit agreement and that each successive stage of conversion will commence at six months intervals thereafter.

-2-CASE No. 2805 Order No. R-2178-C

(6) That approval of the subject application will allow the operator to recover otherwise unrecoverable oil, thereby preventing waste.

IT IS THEREFORE ORDERED:

(1) That Order No. R-2178-B is hereby amended by deleting therefrom any and all reference to specific dates for commencement or expiration of any and all stages for conversion to water injection and by addition of the following provision:

That Stage I of conversion to water injection shall not commence until six months after approval of the unit agreement by the Director of the United States Department of Interior or his authorized representative, and that each successive stage of conversion to water injection shall commence at six months intervals thereafter.

PROVIDED HOWEVER, That this order shall not be effective unless the Director of the United States Department of Interior or his authorized representative approves the unit agreement on or before September 1, 1963.

(2) 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

ACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

DOVERNOR JACK M. CAMPBELL DHAIRMAN

State of New Mexico

Gil Conserbation Commission

LAND DOMMISSIONS? E. S. JOHNNY WALKER NEMBER



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

June 11, 1963

Mr. John Russell Attorney at Law Drawer 640 Roswell, New Mexico Re: Case No. 2805
Order No. R-2178-C
Applicant:

Newmont Oil Company

Dear Sire

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

Carbon copy of order also sent to:

Hobbs OCC __x

Artesia OCC__x

Astec OCC __
OTHER____

DRAFT

JMD/esr June 7, 1963

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

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

CASE No. 2805

Order No. R- 950

APPLICATION OF NEWMONT OIL COMPANY FOR AN AMENDMENT OF ORDER NO. R-2178-B.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Roswell,

May 15 , 196B, at Sankarker New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the

NOW, on this _____ day of _____, 196B, the Commission, a quorum being present, having considered the testimony presented in the premises, and hearing, and being fully advised FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject
- (2) That Order No. R-2178-B established an administrative procedure authorizing Newmont Oil Company to convert wells to injection by stages within its Loco Hills Sand Unit Waterflood Project Area, Eddy County, New Mexico.
- (3) That Order No. R-2178-B established five stages for conversion to water injection with specific dates for operation of each stage of the flood.
- (4) That although the applicant attempted in good faith to comply with the provisions of Order No. R-2178-B, the applicant unable to finalize the unit agreement in time to comply with the specific dates set out in Order No. R-2178-B.
- (5) That the applicant now seeks an amendment of Order No. R-2178-B to provide that Stage I shall commence six months

after the effective date of the unit agreement and that each successive stage of conversion that commence at six months intervals thereafter.

(6) That approval of the subject application will allow the operator to recover otherwise unrecoverable oil, thereby preventing waste.

IT IS THEREFORE OF DERED:

(1) That Order No. R-2178-B is hereby amended by deleting therefrom any and all reference to specific dates for commencement or expiration of any and all stages for conversion to water injection and by addition of the following provision:

That Stage I of conversion to water injection shall/commence not later than six months after approval of the unit agreement by the Director of the United States Department of Interior or his authorized representative, and that each successive stage of conversion to water injection shall commence at six months intervals thereafter.

PROVIDED HUWEVER, That this order shall not be effective unless the Director of the United States Department of Interior or his authorized representative approves the unit agreement on or before September 1, 1963.

(2) 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.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

3ANTA FE, N. M. PHONE 983-3971

FARMINGTON, N. M. PHONE 325-1182

DEFORE THE OIL CONSERVATION COMMISSION Roswell, New Mexico May 15, 1963

IN THE MATTER OF:

Application of Newmont Oil Company
for an amendment of Order No. R-2178-B.)
Applicant, in the above-styled cause,
seeks an amendment of Order No.
R-2178-B, which order established an
administrative procedure for expansion
by stages of the Loco Hills Sand Unit
Waterflood Project, Eddy County, New
Mexico. Said amendment is necessitated
by unexpected delay in commencing
initial injection in the unit area.

Case 2805

BEFORE: Honorable Jack M. Campbell Mr. A. L. "Pete" Porter Mr. E. S. "Johnny" Walker

TRANSCRIPT OF HEARING

MR. PORTER: We'll move on to Case 2805.

MR. DURRETT: Application of Newmont Oil Company for an amendment of Order No. R-2178-B.

MR. RUSSELL: I'm John F. Russell of Roswell appearing on behalf of Newmont Oil Company, and I have one witness.

(Witness sworn.)

MR. PORTER: At this time I would like to ask if there will be other appearances in this case. You may proceed, Mr. Ruswell. We'll ask your witness to stand and be sworn.



JE, N. M. 13.6691

DEARNLEY-MEIER REPORTING SERVICE, Inc.

CHARLES C. LANGDON

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

DIRECT EXAMINATION

BY MR. RUSSELL:

Q Will you state your name, residence and position with the Newmont Oil Company?

A My name is Charles C. Langdon, Fort Worth, Texas. I'm Vice President and Manager of the Land and Legal Departments, Newmont Oil Company.

Q Are you familiar with the application which has been filed in Case 2805?

A I am.

Q Will you please explain to the Commission the purpose and reason for this application?

A Yes. At the hearing under 2178-A, I beg your pardon, 2178-B, the hearing date being had on June 7, 1962, and the order issued June 14, 1962, the Commission authorized Newmont to proceed by stages in waterflooding the West Loco Hills Grayburg No. 4 Sand Unit, the first stage to be commenced on January 1, 1963 and subsequent stages to be commenced at six-month intervals through five stages.

Unfortunately, we were a little optimistic as to understanding

SANTA FE, N. M. PHONE 983-3971

PHONE 243-6691

the time it might take to finalize all of the instruments necessary to conclude this unit and secure the signatures. We are presently running approximately eight months behind. At this point we anticipate that, and perhaps optimistically, that our unit will become effective around July 1, or perhaps August 1 of this year, and for this reason we are unable to meet the authorized commencement date of the various stages set out in the Order R-2178-B. We are now seeking a resetting of those commencement dates on the various stages.

Q Are you requesting that the commencement date for Stage 1 be the effective date of your unit agreement?

A No. On the effective date of our unit agreement we anticipate putting on the buffer zone which has been previously authorized by Order No. 2178 issued on 1-30-62, and approximately six months thereafter we will commence our Stage 1.

Q Then, the commencement date of Stage 1 you would like to have six months after the effective date of the unit agreement, is that correct?

A That is correct.

Q And then each subsequent stage you intend to keep the same time element as is in Order 2178-B, namely each stage to commence six months after the commencement of the prior stage?

A That is correct, yes.



And in all other respects do you request that Order Q R-2178-B remain in effect? Yes, A did.

Do you have anything further you would like to say in this regard to the Commission?

If possible I would like for the order to read that our first stage will not be on a certain date, but will read "to commence six months from the effective date of the unit", the effective date being the date that the Director of the Department of Interior finally approved our unit agreement.

I would be certainly willing to have a limitation on that date, preferably not later than September 1, 1963 being the effective date of the unit. Thereafter, the first stage would commence at some time between now and September 1st, 1963, but not later than September 1, 1963.

I feel that with that spread of dates that certainly we should be able to get the unit finally approved, and for the further information of the Commission I would like to say that we new of the agreements in final form, we have approximately 94% of the working interest signed up and we anticipate having a hundred percent within the next two to three weeks. We have well over the 75% of the royalty interest that the United States Geological Survey insists we must have for final approval, and

we should have no other problem.

MR. RUSSELL: That concludes the applicant's case.

CROSS EMANIHATION

BY MR. PORTER:

As I understand, the only change you are asking for in the present order is to extend the date forward?

Exactly. That's all.

And you would be willing to put a limitation of Q. September 1st, 1963?

As of the effective date of the unit, and thereafter we would be required to commence the first stage six months from that date.

Six months after you started the first stage?

A Yes.

MR. PORTER: Any questions?

BY MR. NUTTER:

That first six-months' period would be the time in Q which you put the buffer zone on injection, would it not?

That is true. We anticipate immediately up .. the effective date to commence the buffer stage, and six months after the buffer stage has been on we anticipate and plan to start our Stage 1.

MR. NUTTER: Thank you.



HR. PORTUR: Anyone have a question of the witness? He may be excused.

(Witness excused.)

MR. PORTER: Is there anything further to be offered in this case? The Commission will take the case under advisement

STATE OF NEW MEXICO) 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 Roswell, 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 4th day of June, 1963.

My commission expires: June 19, 1963.

