<u>CASE 2987:</u> Application of SHELL OIL CO. for a waterflood project, ____ Chaves County, New Mexico.



Application, Transcripts, SMALL Exhibits ETC.









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March 5, 1964

Mr. Richard S. Morris Seth, Montgomery, Federici & Andrews Attorneys at Law Post Office Box 2307 Santa Fs, New Mexico

Dear Sir:

Enclosed herewith is Commission Order No. R-2653, entered in Case No. 2937, approving the South Bitter Lake-Cannon Waterflood Project.

According to our calculations, when all of the authorized injection wells have been placed on active injection, and all of the proposed producing wells have been completed, the maximum allowable which this project will be eligible to receive under the provisions of Rule 701-E-3 is 378 barrels.

Please report any error in this calculated maximum allowable immediately, both to the Santa Fe office of the Commission and the appropriate district proration office.

In order that the allowable assigned to the project may be kept current, and in order that the operator may fully benefit from the allowable provisions of Rule 701, it behaves him to promptly notify both of the aforementioned Commission offices by letter of any change in the status of wells in the project area, i.e., when active injection commences, when additional injection or producing wells are drilled, when additional wells are acquired through purchase or unitization, when wells have received a response to water injection, etc.

-2-Mr. Richard S. Morris Seth, Montgomery, Federici, and Andrews Attorneys at Law Post Office Box 2307 Santa Fe, New Mexico

March 5, 1964

Your cooperation in keeping the Commission so informed as to the status of the project and the wells therein will be appreciated.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP/DSN/ir Enclosure

CCS

Mr. Frank Irby, State Engineer Office, Santa Fe, N.M. Mr. M. L. Armstrong, Oil Conservation Commission, Artesia, New Mexico

April 6, 1964

Shell Oil Company P.O. Box 1858 Roswell, New Mexico

Attention: Mr. T. H. Doyer

Gantleman:

Reference is made to your letter of April 2, 1964, wherein you request authority to drill your Cannon Well No. 8A at an unorthodox location 1315 feet from the South line and 1375 feet from the West line of Section 27, Township 10 South, Range 25 East, South Bitter Lake-San Andres Pool, Chaves County, New Mexico.

The well is to be a replacement injection well for your Cannon Well No. 8, an injection well authorized by Commission Order No. R-2658 fifty feet to the east which was junked and abandoned.

The above unorthodox injection well location for Wall No. 8A is hereby approved. All appropriate forms relating to the drilling and completing of the subject well should be filed with the Artesia office of the Commission in the usual manner.

Very truly yours,

A. L. Porter, Jr. Secretary-Director

ALP: DSN:sg

cc: M. L. Armstrong - NM Oil Conservation Commission - Artesia NM Oil & Gas Engineering Committee - Hobbs Case File 2987 GON EDWIN L HEUREM CILAIRMAN

State of New Mexico I Conservation Commission

P. O. BOX 871 SANTA FE

LAND COMMISSIONER E. S. JOHNNY WALKER MEMBER

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

Perde

Mr. Richard S. Morris Seth, Montgomery, Federici & Andrews Attorneys at Law P. O. Box 2307 Santa Fe, New Mexico

Gentlemen:

Enclosed herewith is Commission Order No. R-2658, entered in Case No. 2987, approving the Standin Charles Care Care Water Flood Project.

According to our calculations, when all of the authorized injection wells have been placed on active injection, the maximum allowable which this project will be eligible to receive under the provisions of Rule 701-E-3 is <u>378</u> barrels per day.

Please report any error in this calculated maximum allowable immediately, both to the Santa Fe office of the Commission and the appropriate District proration office.

In order that the allowable assigned to the project may be kept current, and in order that the operator may fully benefit from the allowable provisions of Rule 701, it behooves him to promptly notify both of the aforementioned Commission offices by letter of any change in the status of wells in the project area, i.e., when active injection commences, when additional injection or producing wells are drilled, when additional wells are acquired through purchase or unitization, when wells have received a response to water injection, etc.

Your cooperation in keeping the Commission so informed as to the status of the project and the wells therein will be appreciated.

Very truly yours,

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cc: Mr. Frank Irby (A. L. PORTER, Jr. Ml. Grading (Construction Secretary-Director 07 (Construction Secretary-Director

March 5, 1964

Mr. Richard S. Norris Seth, Montgomery, Pederici & Andrews Attorneys at Law Post Office Box 2307 Santa Fe, New Mexico

Dear Sir:

Enclosed herewith is Commission Order No. R-2658, entered in Case No. 2987, approving the South Bitter Lake-Cannon Waterflood Project.

According to our calculations, when all of the authorized injection wells have been placed on active injection, and all of the proposed producing wells have been completed, the maximum allowable which this project will be eligible to receive under the provisions of Rule 701-E-3 is 378 barrels.

Please report any error in this calculated maximum allowable immediately, both to the Santa Fe office of the Commission and the appropriate district proration office.

In order that the allowable assigned to the project may be kept current, and in order that the operator may fully benefit from the allowable provisions of Rule 701, it behooves him to promptly notify both of the aforementioned Commission offices by letter of any change in the status of wells in the project area, i.e., when active injection commences, when additional injection or producing wells are drilled, when additional wells are acquired through purchase or unitization, when wells have received a response to water injection, etc.

-2-Mr. Richard S. Morris Seth, Montgomery, Federici, and Andrews Attorneys at Law Post Office Box 2307 Santa Fe, New Mexico

March 5, 1964

Your cooperation in keeping the Commission so informed as to the status of the project and the wells therein will be appreciated.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP/DSE/ir Enclosure

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Mr. Frank Irby, State Engineer Office, Santa Fe, N.M. Mr. M. L. Armstrong, Oil Conservation Commission, Artesia, New Nexico

April 6, 1964

Shell Oil Company P.O. Box 1858 Roswell, New Mexico

Attention: Mr. T. H. Dwyer

Gentlemen:

Reference is made to your letter of April 2, 1964, wherein you request authority to drill your Cannon Well No. 8A at an unorthodox location 1315 feet from the South line and 1375 feet from the West line of Section 27, Township 10 South, Range 25 East, South Bitter Lake-San Andres Pcol, Chaves County, New Mexico.

The well is to be a replacement injection well for your Cannon Well No. 8, an injection well authorized by Commission Order No. R-2658 fifty feet to the east which was junked and abandoned.

The above unerthodox injection well location for Well No. 8A is hereby approved. All appropriate forms relating to the drilling and completing of the subject well should be filed with the Artesia office of the Commission in the usual manner.

Very truly yours,

A. L. Porter, Jr. Secretary-Director

ALP:DSN:sg

cc: M. L. Armstrong - NM Oil Conservation Commission - Artesia NM Oil & Gas Engineering Committee - Hobbs Case File 2987



SHELL OIL COMPANY

P. O. Box 1858 Roswell, New Mexico MAIN OFFICE DCC

1964 APR 3 PH 1 26

April 2, 1964

Subject: Shell Cannon No. 8A South Bitter Lake S.A. Field Chaves County, New Mexico

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

Attention Mr. Dan Mutter

Gentlemen:

Reference is made to the April 1, 1964, phone conversation between our Mr. George G. Carnahan and Mr. Dan Nutter of your office in which Mr. Nutter gave verbal approval of our request to drill the Sheli Cannon No. 8A, a replacement injection well for the junked and abandoned Cannon No. 8, at a location 1315 feet from the south line and 1375 feet from the west line of Section 27, T-10-S, R-25-E, South Bitter Lake San Andres Field, Chaves County, New Mexico.

The Shell Cannon No. 8 was drilled to a depth of 736 feet and due to adverse drilling conditions was junked and abandoned April 1, 1964. The No. 8 well, a planned pilot water injection well, was drilled at an unorthodox location approved in Commission Order No. R-2658. Well No. ØA will be drilled at a location 50 feet east of the No. 8 well, as described above, and will be used as an injection well in the pilot waterflood project also approved in Order No. R-2658.

The appropriate well forms will be filed with the N.M.O.C.C. office in Artesia as regards the abandonment of Well No. 8 and the drilling of Well No. 8A.

We wish to express our appreciation of your help in this matter.

Very truly yours,

F R. Sollar Ck T. H. Dwyer Division Production Manager

DRAFT

DSN/esr February 27, 1964

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. 2987 Order No. R-

APPLICATION OF SHELL OIL COMPANY FOR A WATERFLOOD PROJECT, CHAVES COUNTY, NEW MEXICO.



BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on <u>Examiner</u> <u>Examiner</u> <u>Examiner</u> <u>Braminer</u>-<u>duly</u>-appointed-by-the-Oil-Conservation-Commission of New <u>Mexico, hereinafter</u>-referred-to-as-the-"Commission;"-in-accordance with Rule-1214-of-the Commission-Rules-and-Regulations:

NOW, on this <u>day of <u>March</u>, 19<u>64</u>, the Commission, a quorum being present, having considered the applications extractions with the record, and the recommendations of the Examiner, ________, and being fully advised in the premises,</u>

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, Shell Oil Company, seeks authority to institute a waterflood project in the South Bitter Lake-San

Andres Pool by the injection of water into the San Andres forma- *Compared for the Cannow Rease* tion through three wells in Sections 27 and 34, Township 10 South,

Range 25 East, NMPM, Chaves County, New Mexico.

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

(4) That the proposed waterflood project is in the interest of conservation and should result in recovery of otherwise unrecoverable oil, thereby preventing waste. -2-CASE No. 2987

(5) That the subject application should be approved and the project should be governed by the provisions of Rule 701 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, is hereby authorized to institute a waterflood project in the South Bitter Lake-San Andres Pool by the injection of water into the San Andres formation through three wells to be drilled at the mit Communication following-described unorthodox locations in Township 10 South, Range 25 East, NMPM, Chaves County, New Mexico:

SECTION 27

1315 feet from the South line and 2635 feet from the East line

1315 feet from the South line and 1325 feet from the West line

SECTION 34

5 feet from the North line and 2635 feet from the East line

(2) That the subject waterflood project shall be governed by the provisions of Rule 701 of the Commission Rules and Regulations, including the allowable provisions thereof, and including the provisions with respect to expansion of the waterflood project.

(3) That monthly progress reports of the waterflood project. herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1119 of the Commission Rules and Regulations.

(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.

No. 4-64

CASE 2986: Application of Shell Oil Company to establish a GOR limit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a special gas-oil ratio limitation of 5,000 cubic feet of gas for each barrel of oil produced in the Mesa-Queen Pool, Lea County, New Mexico.

CASE 2987: Application of Shell Oil Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project in the South Bitter Lake-San Andres Pool, by the injection of water into the San Andres formation through three wells at unorthodox locations in Sections 27 and 34, Township 10 South, Range 25 East, Chaves County, New Mexico.

CASE 2480 (Reopened):

-3-

In the matter of Case No. 2480 being reopened pursuant to the provisions of Order No. R-2182-A which continued for a period of one year the temporary 80-acre proration units established by Order No. R-2182, Henshaw-Wolfcamp Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

<u>CASE 2988:</u> In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit George E. Willett and all other interested parties to appear and show cause why the SDD Hare Well No. 7,located 600 feet from the South line and 1360 feet from the East line of Section 14, Township 29 North, Range 11 West, San Juan County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

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DOCKET NO. 4-64

DOCKET: EXAMINER UEARING - WEDNESDAY - FEBRUARY 5, 1964

9:00 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, Alternate Examiner:

- CASE 2976: Application of Midland Production Corporation for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Hill & Meeker Phillips Cryer Well No. 34-2 located 2310 feet from the South and West lines of Section 34, Township 10 South, Range 36 East, to bottom in the Devonian formation 1980 feet from the North and West lines of said Section 34, Lea County, New Mexico.
- CASE 2977: Application of Cities Service Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the abovestyled cause, seeks approval of the dual completion (conventional) of its Brunson C Well No. 4, located in Unit J of Section 3, Township 22 South, Range 37 East, Lea County, New Mexico, to produce oil from the Blinebry and Drinkard Oil Pools through parallel strings of 1 1/2 inch and 2 1/16 inch tubing, respectively.
- CASE 2978: Application of Union Oil Company of California for a waterflood expansion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its South Caprock Queen Unit Waterflood Project, Caprock Queen Pool, Chaves County, New Mexico, by the conversion of nine additional wells located in Sections 28, 29, and 33, Township 14 South, Range 31 East, and Sections 3 and 4, Township 15 South, Range 31 East, to water injection.
- CASE 2979: Application of Pan American Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation through its U. S. A. Malco Refineries 'G' Well No. 13, located 2302 feet from the South line and 1650 feet from the West line of Section 10, Township 18 South, Range 27 East, Empire Abo Pool, Eddy County, New Mexico.
- CASE 2980: Application of Pioneer Production Corporation for forcepooling and an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin-Dakota Pool underlying the W/2 of Section 15, Township 29

No. 4-64

-2- Case 2980 continued from page 1

North, Range 13 West, and authorizing the drilling of a well for said unit at an unorthodox location 1625 feet from the South line and 1250 feet from the West line of said Section 15, Town of Farmington, San Juan County, New Mexico.

- CASE 2981: Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Northwest Eumont Unit Area comprising 2,760 acres, more or less, of State and fee lands in Township 19 South, Range 36 East, Lea County, New Mexico.
- CASE 2982: Application of Gulf Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Eumont Gas Pool by the injection of water into the Queen formation through 15 wells in Sections 11, 14, 15, 22 and 23, Township 19 South, Range 36 East, Lea County, New Mexico.
- CASE 2983: Application of The Pure Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Brinninstool Unit Area comprising 17,237 acres, more or less, of Federal and State Lands in Townships 23 and 24 South, Ranges 32 and 33 East, Lea County, New Mexico.
- CASE 2984: Application of The Pure Oil Company and Continental Carbon Company to utilize natural gas in a carbon black plant, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to utilize approximately 7 MCF of Devonian gas per day in the Continental Carbon Company carbon black plant near Eunice, New Mexico, said gas to be produced from The Pure Oil Company Wilson Deep Unit Well No. 1, located in the SE/4 NW/4 of Section 13, Township 21 South, Range 34 East, Lea County, New Mexico.
- CASE 2985: Application of Shell Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Bootleg Ridge Unit Area comprising 10,818 acres,more or less, of State and Federal lands in Townships 22 and 23 South, Ranges 32 and 33 East, Lea County, New Mexico.

1001 CTM 1 2 11 1 20

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF SHELL OIL COMPANY FOR APPROVAL OF A WATER FLOOD PROJECT, CHAVEZ COUNTY, NEW MEXICO

No. 2981

APPLICATION

COMES NOW, Shell Oil Company and applies to the New Mexico Oil Conservation Commission for approval of a pilot water flood project, to be instituted in the South Bitter Lake, San Andres Pool, Chavez County, New Mexico, and in support of its application, states:

1. That the Applicant, Shell Oil Company, is the owner and operator of the Shell-Cannon Lease comprising 320 acres more or less, being the Southwest Quarter (SW_{4}^{1}) and the West Half (W_{2}^{1}) of the Southeast Quarter (SE_{4}^{1}) of Section 27, and the Northwest Quarter, Northeast Quarter $(NW_{4}^{1} NE_{4}^{1})$ and the Northeast Quarter, Northwest Quarter $(NE_{4}^{1} NW_{4}^{1})$ of Section 34, all in Township 10 South, Range 25 East, Chavez County, New Mexico.

2. That said lease is presently developed by four producing wells in the South Bitter Lake, San Andres Pool, located in Units, J. K. L.and M. of Section 27. Shell Oil Company proposes to drill four additional producing wells in connection with the water flood project, which wells will be located at standard locations in Units N. and O. of said Section 27, and in Units B. and C. of said Section 34. In

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addition, Shell Oil Company proposes to drill three injection wells at unorthodox locations, for which approval also is sought in this application, as follows:

(a) 1315 feet from the south line and 2635 feet from the east line of said Section 27;

(b) 1315 feet from the south line and 1325 feet from the west line of said Section 27;

(c) 5 feet from the north line and 2635 feet from the east line of said Section 34; the location of the existing wells and of the proposed wells is shown on the plat attached to this application and incorporated herein by reference.

3. That Shell Oil Company proposes to inject water through the three above described injection wells into the San Andres formation of the South Bitter Lake, San Andres Pool, and to produce oil from said pool through the eight producing wells on the Cannon Lease, four of which are presently in existence and four of which are to be drilled, as described above.

4. That all wells in the South Bitter Lake, San Andres Pool, and the four producing wells on the Cannon Lease, which are proposed as producing wells in the subject water flood project, are in an advanced state of depletion and are properly to be considered as "stripper".wells.

5. That approval of the subject application will prevent waste and protect correlative rights.

WHEREFORE, the Applicant, Shell Oil Company, requests that this application be set for hearing before the Commission or one

- 2 -

of its examiners and that the Commission enter its Order approving the proposed water flood project.

> SETH, MONTGOMERY, FEDERICI & ANDREWS P. O. Box 828 Santa Fe, New Mexico

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Attorneys for Shell Oil Company

December 20, 1965

Mr. Charles C. Langdon Attorney at Law 3000 Sandage Fort Worth, Texas 76109

Dear Charlie:

My reply to your letter of December 10, 1965, was delayed as I was out of town most of last week.

I am enclosing copies of the following exhibits from our file in Case 2987:

1.	Exhibit No. 1	L	(Plat)
2.	Exhibit No. 2	2	(Structural Map)
3.	Exhibit No. 3	BA	(Cross Section A-A*)
4.	Exhibit No. 3	BB	(Cross Section B-B*)
5.	Exhibit No. 4	ίλ.	(Production History)
6.	Exhibit No. 4	iB	(Daily Production Rates)
7.	Exhibit No. !	5	(Diagrammatic Sketch)
8.	Transcript of	E Hea	ring

I also am enclosing a copy of Order No. R-2658, a copy of a letter assigning the project allowable, a copy of a letter approving an unorthodox location for the Cannon Well No. 8A, a copy of the October Monthly Statistical Report, and a copy of the 1964 Annual Statistical Report.

The Statistical Report for 1965 will not be available until April or May. If production figures from January

-2-

December 20, 1965

Mr. Charles C. Langdon Attorney at Law

through September, 1965, will be helpful to you, I can have these figures tabulated.

Please return the exhibits and transcript at your earliest convenience to the attention of Ida Rodrigues.

I hope this information will be helpful to you, and please let me know if I can be of further assistance.

Best personal regards.

Very truly yours,

J. M. DURRETT, Jr. Attorney

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JND/esr Enclosures 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. 2987 Order No. R-2658

APPLICATION OF SHELL OIL COMPANY FOR A WATERFLOOD PROJECT, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 5, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 4th day of March, 1964, 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,

FINDSI

(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, Shell Oil Company, seeks authority to institute a waterflood project in the South Bitter Lake-San Andres Pool by the injection of water into the San Andres formation through three wells at unorthodox locations on its Cannon Lease in Sections 27 and 34, Township 10 South, Range 25 East, NMPM, Chaves County, New Mexico.

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

(4) That the proposed waterflood project is in the interest of conservation and should result in recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the subject application should be approved and the project should be governed by the provisions of Rule 701 of the Commission Rules and Regulations. -2-CASE No. 2987 Order No. R-2658

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, is hereby authorized to institute a waterflood project in the South Bitter Lake-San Andres Pool by the injection of water into the San Andres formation through three wells to be drilled at the followingdescribed unorthodox locations on its Cannon Lease in Township 10 South, Range 25 East, NMPM, Chaves County, New Mexico:

SECTION 27

1315 feet from the South line and 2635 feet from the East line

1315 feet from the South line and 1325 feet from the West line

SECTION 34

5 feet from the North line and 2635 feet from the East line

(2) That the subject waterflood project shall be governed by the provisions of Rule 701 of the Commission Rules and Regulations, including the allowable provisions thereof, and including the provisions with respect to expansion of the waterflood project.

(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1119 of the Commission Rules and Regulations.

(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.



STATE OF NEW MEXICO QIL CONSERVATION COMMISSION

CAMPBELL. Chairman

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WALKER. Member

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

PAGE 1



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PAGE 2

		BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico February 5, 1964
	169	EXAMINER HEARING
Y, MEIER, WILKINS and CROWNOVER General Court Reporting Service	xico Phone 243-6691	IN THE MATTER OF: Application of Shell Oil Company for) a waterflood project, Chaves County,) New Mexico.
JINS and orting Service	ue, New Mexico	BEFORE: DANIEL S. NUTTER, EXAMINER
EIIFR, WILKINS and General Court Reporting Service	Albuquerque,	TRANSCRIPT OF HEARING MR. NUTTER: Call Case 2987.
MEIIE Gener	Building	MR. DURRETT: Application of Shell Oil Company for a waterflood project, Chaves County, New Mexico.
		MR. MORRIS: If the Examiner please, I am Richard Morris
DEARNLE) Simm	of Seth, Montgomery, Federici and Andrews, of Santa Fe, appearing on behalf of the Shell Oil Company.
DE_{i}	Suite 1120 Simms	(Witness sworn)
		GEORGE G. CARNAHAN,
		called as a witness herein, having been first duly sworn on oath,
		was examined and testified as follows:



DIRECT EXAMINATION BY MR. MORRIS: Please state your name, by whom you are employed, and Q in what capacity and where your office is located? I am George G. Carnahan, Senior Reservoir Engineer with А Shell Oil Company in Roswell, New Mexico. Mr. Carnahan, you have testified before the Commission ର or one of its examiners, have you not? I have. А Are you familiar with Shell's application in this case? Q А I am. Albuquerque, Have you done most of the work in putting together this ର pilot waterflood project? А Yes. What is it that Shell seeks by the application? Q Building We seek approval of a pilot waterflood project to be А conducted in the South Bitter Lake-San Andres Field on a 320 acre Shell-Cannon lease and also the unorthodox location of the three Suite 1120 injection wells involved. Referring to what has been marked as Exhibit Number One ତ୍ in this case, which is a plat of the South Bitter Lake-San Andres Pool, would you point out the pertinent features of that exhibit?

А On Exhibit Number One, outlined in red is the 320 acre Shell-Cannon lease, which comprises the pilot waterflood project



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New Mexico

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243-6691 Phone.

PAGE 3

PAGE 4

area.

Q All right.

Within the project area there are three injection wells Α to be drilled which are shown in red, along with four existing San Andres producers shown in black, numbered One through Four, and 243-669, four producing wells to be drilled. The pilot waterflood pattern ano is a 40 acre inverted five spot with injection wells so located as not to offset any wells outside the project area. The three proposed injection wells are to be drilled at unorthodox locations Mexico to establish a 20 acre well spacing within the waterflood pattern. New The locations of the three injection wells are as follows: The first well to be located 1315 feet from the South line, and 2635 Albuquerque, feet from the East line of Section 27, 10 South, 25 East. The second injection well will be located 1315 feet from the South line and 1325 feet from the East line of Section 27, Township 10 Building South, Range 25 East. The third and last injection well is to be located five feet from the North line and 2635 feet from the East Simms line of Section 34, Township 10 South, Range 25 East.

MR. DURRETT: Excuse me. On your second well, you said, I believe, 1325 from the East line?

A Right.

MR. DURRETT: Is that what you mean?

A 1325 feet from the East line, right.

MR. DURRETT: Of Section 27? The reason I am asking or questioning you on this, and I want to do it at this time, I note



General Court Reporting Service

Suite 1120

DEARNLEY, MEIER, WILKINS and CROWNOVER

PAGE 5

that the application says 1325 feet from the West line on that well.

I am reading the wrong run. 1325 feet from the West line, А right.

MR. DURKETT: All right, sir. Thank you.

Also shown on Exhibit One are all wells and leases within Α the two mile radius of the proposed injection wells. It should be noted before we pass from this exhibit that there is an error on the exhibit. The Gorman Federal Number Two, located in Unit "O" of Section 26, 10 South, 25 East, is erroneously shown as a former San Andres producer. This well was temporarily abandoned after a completion attempt. It was never actually completed in the San ue, lbuquerqi Andres as a producing well.

Q (By Mr. Morris) Do you have a structure map showing the geological data in the area of your proposed pilot waterflood project?

Building А Yes. If you will refer to Exhibit Number Two contoured on the top of the Slaughter-San Andres zone, this map was constructed Sim utilizing available well logs and shows a gentle eastwardly dipping 1120 San Andres feature. The top of the Slaughter zone is encountered Suite at approximately 850 feet in the South Bitter Lake Field area.

Exhibits 3-A and B are north-south, east-west cross sections, traversing the South Bitter Lake Field, and indexed to this cross section presented on each exhibit. The Slaughter zone, the top of which is correlated on these cross sections, is a



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continuous porous interval present in all wells that have penetrated the zone in the field area. Lithologically, the Slaughter zone is a light brown, very fine crystalline Dolomite, placed for core analysis data, average porosity indicated to be 10½ percent with a permeability of 2.2 millidarcies. The produced crude is about 22 degrees API gravity, and the solution gas-oil ratio is estimated to be less than 200 cubic feet per barrel, and the oil is currently being trucked, and the negligible casinghead gas production is being flared at this time.

Q Do you have a series of exhibits, Mr. Carnahan, showing the development and the production history in this pool?

A I do. Initially, production in the field was established May, 1960 with the completion of the DeCalb Federal Number One located in Unit F of Section 27. Referring to Exhibit One, it would probably be easier to locate this, by October, 1961, 21 wells had been completed in the field. No additional wells has been completed in the field since this time. Currently, there are seven producing wells, eight shut in wells, and six plugged and abandoned, former producing wells. Four San Andres wells on the Carnon lease were completed during the period, June, 1960 to January, 1961. Currently, wells Number One, Three and Four are shut in. Well Number Two is the only producer. Exhibit Four-A presents the complete production history of the South Bitter Lake-San Andres Field through November, 1963. Also shown is the production history of the Cannon lease; through November, 1961, the



PAGE 6

PAGE 7

South Bitter Lake Field had accumulated approximately 38,000 barrels of oil or an average of about 1800 barrels per well. The Cannon lease has accumulated approximately 7,700 barrels of oil or an average of approximately 1900 barrels per well. Exhibit 243-669 Four-B presents the per well average daily production rate of the South Bitter Lake Field, and also the Cannon lease. Only the Phone wells that actually produced during the month concerned were used in calculating these average rates. Currently, the field is producing on an average per well daily rate of three barrels, while the Mexico Cannon lease is producing at a rate of approximately two barrels New per day per well. The wells in the field and on the Cannon lease are definitely stripper wells and are very near the end of their Albuquerque, primary life. Mr. Carnahan, just what are your plans for development Q in this pilot project? Building Initially, our plans call for drilling the first and А second injection wells at the previously stated unorthodox locations, Simms in Section 27, along with the two producing wells in Section 27, to be located in the approximate center of Units "N" and "O". The 1120 third injection well and the two remaining producing wells to be

drilled in Section 34 will be drilled later, depending on the initial pilot results and subsequent evaluation requirements.

Exhibit Number Five is a diagrammatic sketch of a typical injection well, and depicted on this sketch is that we plan to set, in drilling these wells, seven inch casing at approximately



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710 feet, this being an average of the three injection wells, and cement this to surface. The four and a half inch production casing will be cemented at approximately 840 feet, and also cemented to surface. The wells will be completed open hole. The packer, a retrievable hook wall packer, set slightly above the casing shoe, and internally plastic coated tubing used for injection purposes, and the casing to be- - or tubing annulus to be filled with inhibited water.

A copy of this sketch has been given to the State Engineer's office prior to this hearing. Initial injection rates are estimated to be approximately 150 barrels per day per injection well, or a total for the two initial injection wells of 300 barrels per day. Q Assuming approval of this pilot project, Mr. Carnahan,

Q Assuming approval of this pilot project, Mr. Carnahan, what would be the top allowable under Rule 701?

A Based on the basic 42 barrel per day waterflood allowable, initial area of 242 acres in Section 27, the top allowable would be 280 barrels per day. Now, this would be taking credit for the fact that additional wells would be located in Units "N" and "O", the basic allowable for Units "N" and "O" would be 56 barrels, giving an additional one-third allowable for the additional well in the proration unit.

Q Looking at the project as a full 320 acres, what would be the allowable under 701?

A Based on the wells that we have indicated to drill, the



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top allowable would be 378 barrels per day.

Q Now, you mentioned before that you would plan to inject approximately 150 barrels per day into each injection well. What is the anticipated source of that water?

243-669 Present plans call for the purchase of sufficient water Α to supply our pilot requirement from the City of Roswell. This Phone water will be supplied from their office, of Saline Water Well No. Three, located in the Northwest Quarter of the Southeast Quarter of the Southeast Quarter of Section 33, Township 10 South, Range Mexico 25 East. The subject well is flowing, shut in currently, but it Vew has the capabilities of a flowing artesian well, completed in the artesian zone, and produces water too high in chloride content to íô, be useable for domestic or irrigation purposes. This well is currently not hooked up to the Roswell water system, is not being used for any purpose at this time. It is my understanding that the City of Roswell is in the process of advertising to convert or Buildin dedicate a certain number of acre feet of water to this well in SIMI order that they may sell it to us under a contract.

Q Mr. Carnahan, we have been talking here in terms of just a pilot waterflood project. Can you look ahead at this point to see just what benefit you expect to receive under this project?

A Yes. Naturally, a pilot waterflood project is instituted to determine if you can economically recover additional cil. Therefore, we feel that should this project prove to recover additional cil by secondary means, injection of water, and this be in

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PAGE 10

		ſ	economic quantities, that we would as a result appreciably
			increase the total recovery from this particular reservoir, and
			waste, as a result, will be prevented should this prove to be
			feasible by the recovery of additional oil that would not be
		691	recoverable under primary completion mechanism.
ER		243-6691	Q As well as preventing waste, will you also understand
0V			your proposed plan protects the correlative rights of all persons
NA		Phone	involved?
SOI			A Yes. As previously mentioned, the interior location
1 CI	C 3	Mexico	of the injection wells with respect to the producing or shut in
апа	Servic	w M	wells outside of the project area, should restrict the injection
Y, MEIER, WILKINS and CROWNOVER	General Court Reporting Service	e, New	to within the project area, thereby, protecting the correlative
LKI	Repor	Albuquerque,	rights.
IM	ourt	nbnq	Q Do you have anything further you would like to add?
ĨR,	ral C	Ah	A No.
EII	Gene	ß	Q Were Exhibits One through Five prepared by you or under
, M		Building	your direction?
EY			
DEARNLE		Suite 1120 Simms	A They were.
AL		20 S	Q We offer those exhibits at this time.
DF		2 11 S	MR. NUTTER: Shell's Exhibits One through Five will be
		Suit	admitted in evidence. Are there questions of Mr. Carnahan?
			CROSS EXAMINATION
Ň			BY MR. IRBY:
			Q What is your anticipated injection pressure?



PAGE 11

Actually, we are anticipating pressure somewhere in the A range of between and nine hundred pounds. This is something we we really don't know. We are anticipating something in are - that range. All right. Thank you. Q MR. IRBY: 'That is all I have, Mr. Nutter. CROSS EXAMINATION BY MR. NUTTER:

Mr. Carnahan, have any estimates been made of the Q original oil in place here in this area?

New . Based on our original look at this core analysis data, Â Ibuquerque, that was available, we felt like that this was something left to be desired in this information. As a result, we are going to core all these wells, but we estimate that there was originally approximately about eight million barrels of oil originally in Building place per section. Now, this is very rough, a very rough estimate

Recoveries haven't been a very large percentage?

Simms Relatively they have been just about nill, being around А Suite 1120 1800 barrels per well on 40 acre spacing.

You probably attribute this to being such shallow Q depth, lack of reservoir pressure, lack of solution gas.

Permeability. Å

Q

Heavy qualities of oil viscosity? Q

Probably all three of those factors. Α



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Suite 1120 Simms	୍କର୍	Wł	hat	is y	our (est	imate	e of	cos	t fo	r dr	i ll i 1	ng the	se wat	cer
e 112	inject	ion we	ell:	5?											
Suite	A	Ar	ppro	oxima	ately	\$1'	7,000	0.00	to	dril	l an	d cor	nplete	these	;
	wells.														
	ବ) Do	oes	that	app	ly	to tl	ne p:	rodu	cing	wel	ls a	lso?		
	А	A A	ppro	oxima	ately	,th	ere :	is a	pum	p in	volv	ed or	n prod	ucing	the
	wells,	I wou	uld	say	prob	abl	y si z	xtee	n fo	r in	ject	ion,	a tho	usand	îor

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	the wells, and 18 thousand for producing wells, an average of
	seventeen thousand for two types of wells.
	Q Are there any further questions?
_	
Ιóç	CROSS EXAMINATION
243-6691	BY MR. DURRETT:
1e 24	Q Mr. Carnahan, referring to your exhibit, Exhibit One,
Phone	the wells in the Southwest Quarter of Section 27, your three
	wells there, I believe you stated were former producers, but shut
ixico	in at this time, Number One, Three and Four, why are those wells
New Mexico	shut in?
	A I am trying to recall whether
Albuquerque,	
aner	MR. MORRIS: You can pretty well tell that from your
Albu	Exhibit Four-A, can't you, Mr. Carnahan?
	A Well, if you are particularly interested in each well
ling	as to when the last time the well produced, or as to when the wells
Building	were actually on production, Exhibit Number 4-A doesn't really show
	it too well. The production is so low that
Sim	Q (By Mr. Durrett) Well, just give me an approximate date,
112:0	if you can?
Suite 1120 Simms	A I would say that actually the wells on the lease were
S	produced, well, all four of them were produced up through August,
	1962, and after August, 1962, why, periodically during this time.

Some months the wells were not produced at all, some months one or

two of the wells were produced, but up through that time, the wells

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		PAGE 14
	[were produced more or less on a regular basis.
		Q They were produced just off and on after that?
		A Right, like I say, we did not operate the wells during
		this period. All I can speak from is the commission record as to
	<i>6</i> 91	what months wells produced or they didn't produce.
ER	243-6691	Q Were they all three shut in, finally shut in about the sa
AO	ne 2	time?
NA	Phone	A Yes. I would say that Well Number Four was or has not
CROWNOVER		produced since August, 1962. Well Number Three has not produced
	Mexico	since November of 1962, or shall I say October, 1962, and Well
WILKINS and ourt Reporting Service	New N	Number Two has or is actually the only well that is currently
EIER, WILKINS and General Court Reporting Service	ie, N	being produced. Well Number One last produced in February, 1963.
LK. Repo	Albuquerque,	Q February, 1963?
()	lbudi	A Yes, sir.
[<i>E</i>IER , General (A	Q What is the approximate accumulation or accumulative
MEI Ger	ling	production to date on your Number Two, which is the Southeast
	Buildi	Quarter?
DEARNLEY,	ms E	A Well Number Two had accumulated 1814 barrels through
NAN IN	Simms	1-1-63. And this is strictly an estimated figure. I am just looki
DEA	1120	at the figure. I would say it has produced an additional five
	Suite 1120	hundred barrels since then, making it accumulate roughly 2300
	S	barrels to date.
		Q How many barrels a day does that Number Two well make,
		approximately?
		A This is indicated directly on Number 4-B, because this i

PAGE 15 the only well that produces on the lease, so it is currently producing at exactly 2.2 barrels during the month of November, barrels per day. Your dotted line on 4-B actually is your Well Number Two? Q Phone 243-6691 Essentially this last part of the year, it is. Λ MR. DURRETT: That is all. * * MR. NUTTER: Any further questions? The witness may be Do you have anything further, Mr. Morris? excused. Mexico MR. MORRIS: No, sir. General Court Reporting Service New MR. NUTTER: Does anyone have anything they wish to offer in Case 2987? We will take the case under advisement. Albuquerque, STATE OF NEW MEXICO ð Building COUNTY OF BERNALILLO I, ROY D. WILKINS, Notary Public in and for the County Simms of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New 1120 Mexico Oil Conservation Commission was reported by me, and that Suite the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability. WITNESS my Hand and Seal of Office, this 20th day of February, 1964 I do hereby certify that the foregoing is My Commission Exploration record of the proceeding of September 6, 196the Examiner hearing PHPT TO of Case heard by ne on Examiner New Mexico 011 Conservation Commission

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