

Case No.

Capwell Field 206

Large Exhibits

The following is a brief outline of the progress that has been made to date toward a unified or cooperative agreement for the Caprock Field in order to facilitate the commencement of a secondary oil recovery program:

On September 19th at the New Mexico Oil & Gas Engineering Committee office in Hobbs a meeting of the Caprock Field Engineering Committee was held with the following representatives and companies present:

- J. D. Duncan - Delfern Oil Company - Lubbock, Texas
- Edgar C. Belmont - Delfern Oil Company - Lubbock, Texas
- John B. Brack - Ohio Oil Company - Midland, Texas
- Herrill B. Wilson - Great Western Prod. Inc. - Lubbock, Tex.
- G. H. Crews - Great Western Prod. Inc. - Lubbock, Texas
- N. B. Parney - Cities Service Oil Co. - Hobbs, New Mexico
- A. J. Fickert - Phillips Petro. Co. - Box 1669 - Hobbs, N.M.
- Wesley W. Moore - British-American - Box 2660 - Tulsa, Okla.
- Joseph B. Kennedy - J. C. Maxwell, Inc. and Crandall & Co. - 2000 Cont. Life Bldg. - Fort Worth, Texas
- Fred Morris - British-American - Box 392 - Snyder, Texas
- Sam Williams - Sam Williams - Artesia, N. M.
- Lonnie Kemper - Vickers Petro. Corp. - Box 744 - Roswell, N.M.
- N. B. Moore - Lee Co. Elect. Equip. Co. - Lovington, N.M.
- Lyle L. Gowran - Lee Co. Elect. Equip. Co. - Lovington, N.M.
- George Hirschfeld - J. Van Oil & Gas Brgy. Co. - Hobbs, N.M.
- H. C. Foreman - A. K. Polis Oil Co. - Midland, Texas
- S. Goodrum - Watson Drig. Co. - Artesia, N.M.
- A. K. Polis - A. K. Polis Oil Co. - Midland, Texas
- Hull Killaway - Coop. Prod. Assn. - Caprock, N.M.
- Edwin Clapham - Gulf Oil Corp. - Box 1669, Hobbs, N.M.
- D. L. Irion - Mid-Cont. Pet. Corp. - Box 734 - Hobbs, N.M.
- Robert D. Fitting - Coop. Prod. Assn. - 628 West Bldg. - Midland, Texas (Temporary Chairman)

The meeting was for the primary purpose of discussing from an engineering viewpoint the next steps to be taken in order to effect a fieldwide secondary oil recovery program and prepare recommendations

for a participation formula.

Mr. Morse of the R.E.A., cooperative electric company, gave a few brief remarks about possibility of obtaining three-phase electrical current for the Caprock Field. His company would be interested in connecting the field with their system in Artesia; however, in order to assure installation pay out, they require a five-year contract and approximately one year to complete the system. The offered rate scale was graduated in accordance with load and reasonable, considering the high installation cost of 30 miles of transmission lines. In view of the uncertain work, it appeared to be the general consensus of opinion that additional work must be done before definite plans for this electrical power could be made.

An Operating Methods Subcommittee was formed, consisting of Mr. Barney Cookburn of the Watson Drilling Company, Mr. M. B. Wilson of the Great Western Production Company, Mr. John Duncan of Delfern Oil Company and Mr. Paul Killaway of the Cooperative Producing Association. The aim of this Operating Methods Subcommittee was to establish some general recommendations as to the method or cooperative agreement of operation to be followed under unitization. The Committee was to meet at their convenience and formulate plans for the general field operations.

Considerable discussion was made concerning the effectiveness of the present experimental air injection program. The evidence available at the time of the meeting was deemed insufficient by some of the operators to clearly establish its worth. Some of the operators favored the injection of water at higher pressures; consequently, an attempt was made on October 25, 1951, to inject water at higher

pressures into the present air injection well (Tabulation 1). A pump capable of pumping at higher pressures was prepared and sufficient fresh water was made available. The use of fresh water was considered necessary due to extremely high salt content of the pay sand. It is apparent from this test that water is not a reasonable and practical medium to use for injection purposes in the present input well. Other wells in the field may have pay sections with less Bentonitic silts and allow the satisfactory introduction of water; however, this test does demonstrate the inability of the use of water as a general fieldwide injection medium.

The next item of interest was the development of participation percentages by which the individual companies would participate in a fieldwide pressure maintenance program. Several percentages were calculated by the Engineering Committee in order to satisfy all concerned. In general agreement was a percentage calculation, based on the operator's interest in the presently producing wells and acreage in the outlined producing area. A tabulation showing these various percentages has been prepared and is attached hereto (Tabulation 2).

The third calculation, at the suggestion of the Great Western Production Company, concerned the development of company percentage of total production from August 1, 1950, to August 1, 1951. The Cooperative Producing Association in their study of the Caprock Field have shown that a definite effect is being evidenced by the current air injection program and felt that the production from January 1, 1950, to January 1, 1951, prior to the experimental air injection, would be more representative (Column 4, Tabulation 2).

The fifth percentage is based on a cooperative ultimate oil recovery as derived from production decline method of analysis, as set forth in Robert D. Fitting's report of June, 1951.

The sixth method, as suggested by British-American Oil Company, was the one-half of the cooperative ultimate oil recovery, as shown in the report, weighted against the estimated primary recovery.

It is suggested that the individual companies examine these participation formulas and be prepared at the next meeting to recommend the use of one or a combination of these methods as a fair and equitable basis for fieldwide participation.

At the request of several of the operators, herewith is a brief supplement to the report of June, 1951.

The injection of air has continued at the same daily average volume, 100,000 cubic feet, and injection pressure of 470 psig, in the experimental injection well, with only minor shutdowns for repairs (Enclosure 1). The monthly bottom hole pressure surveys have continued to show a pressure and fluid build-up to the south and east of the input well (Enclosures 2, 3, 4). Little increase in gas-oil ratio has been noted; consequently, no indication of by-pass is detected. The offset leases to the injection well continue to show increases in productive ability over their respective extrapolated production declines (Enclosures 6 through 11). The group of adjacent leases oil production decline curve has been reprepared on a gross oil production basis as it has been difficult to obtain accurate information concerning the net number of producing wells (Enclosure 5). It is evident that the rate of oil production decline has been substantially reduced after the experimental air injection program was commenced.

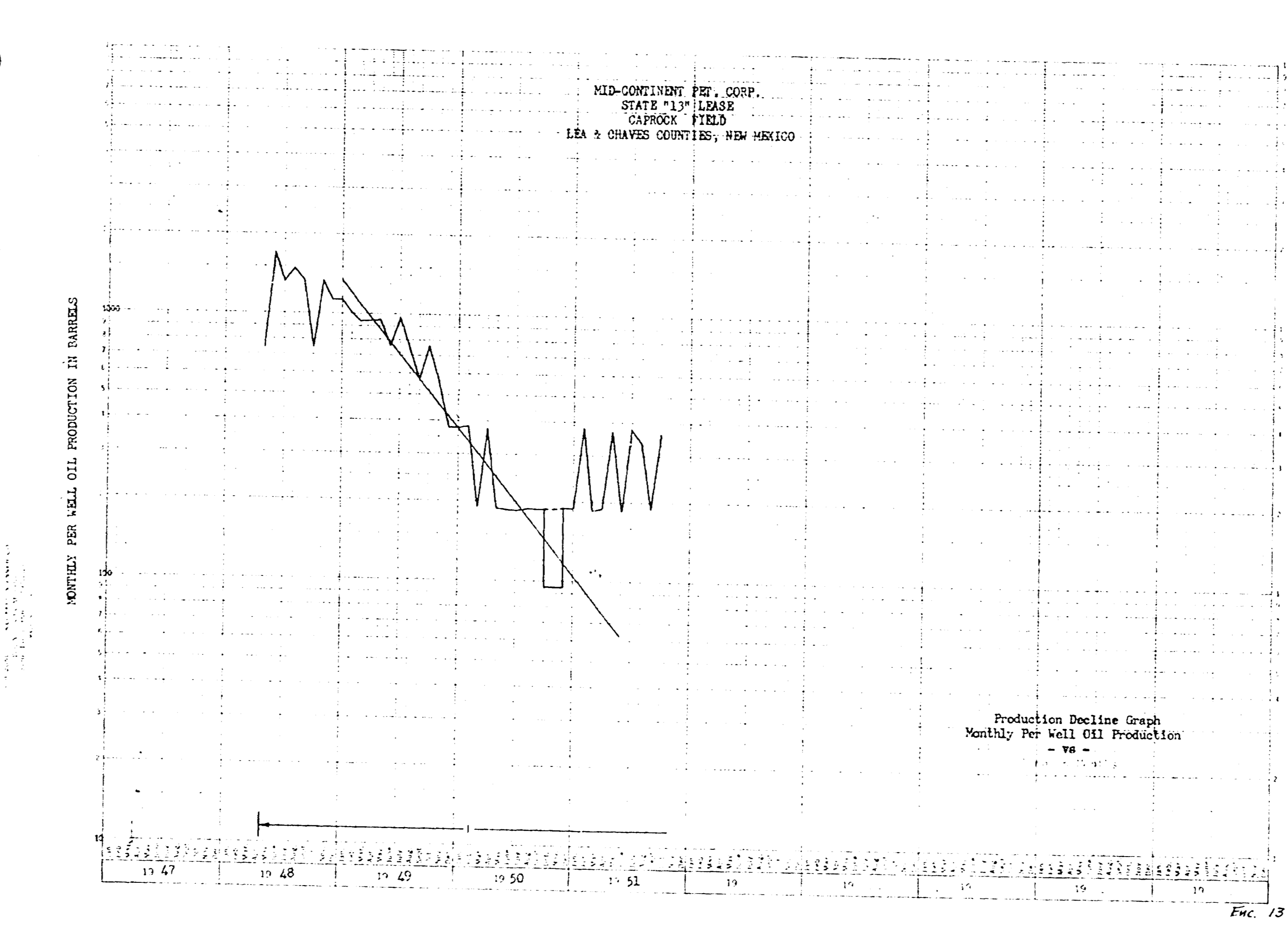
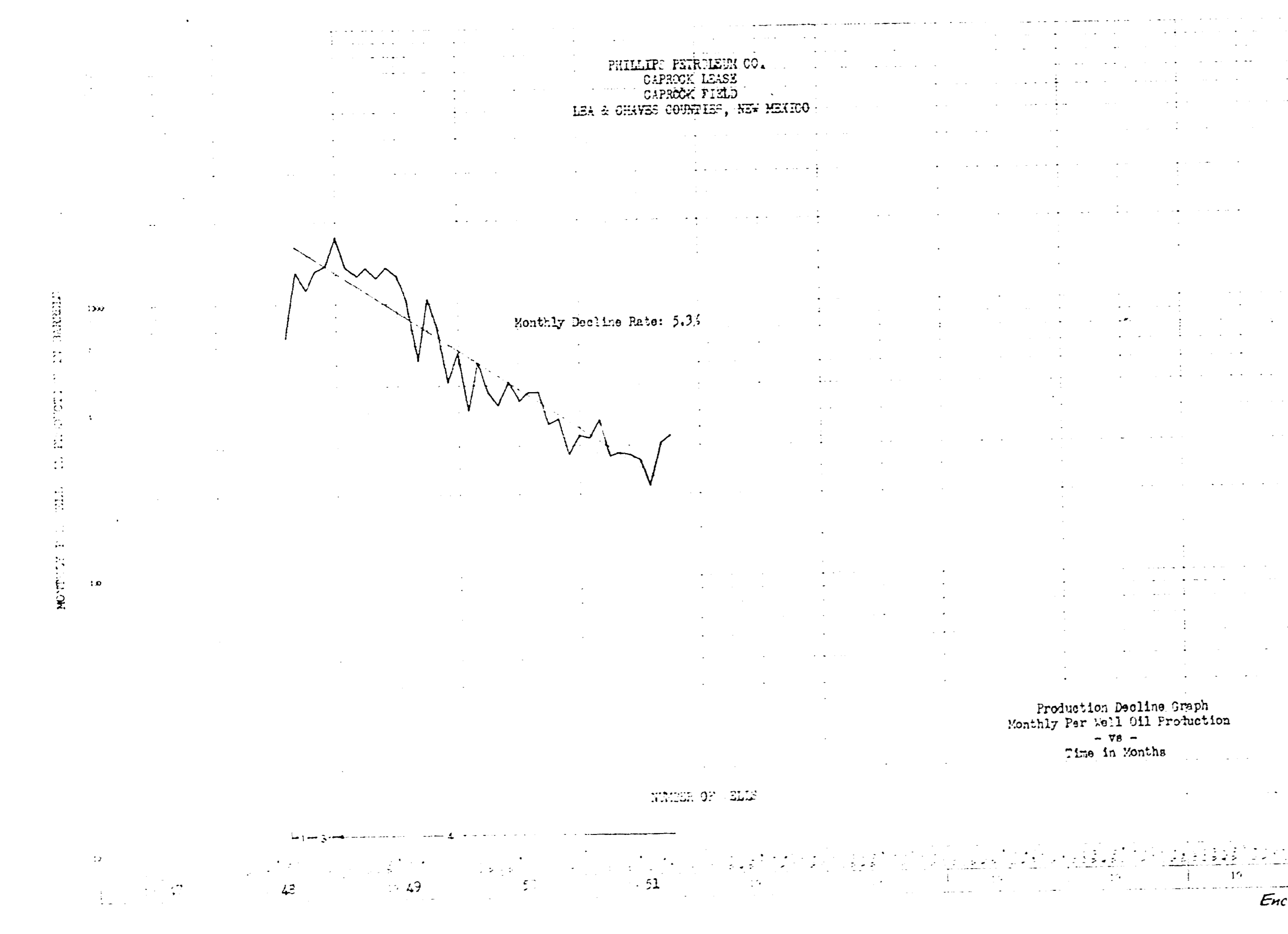
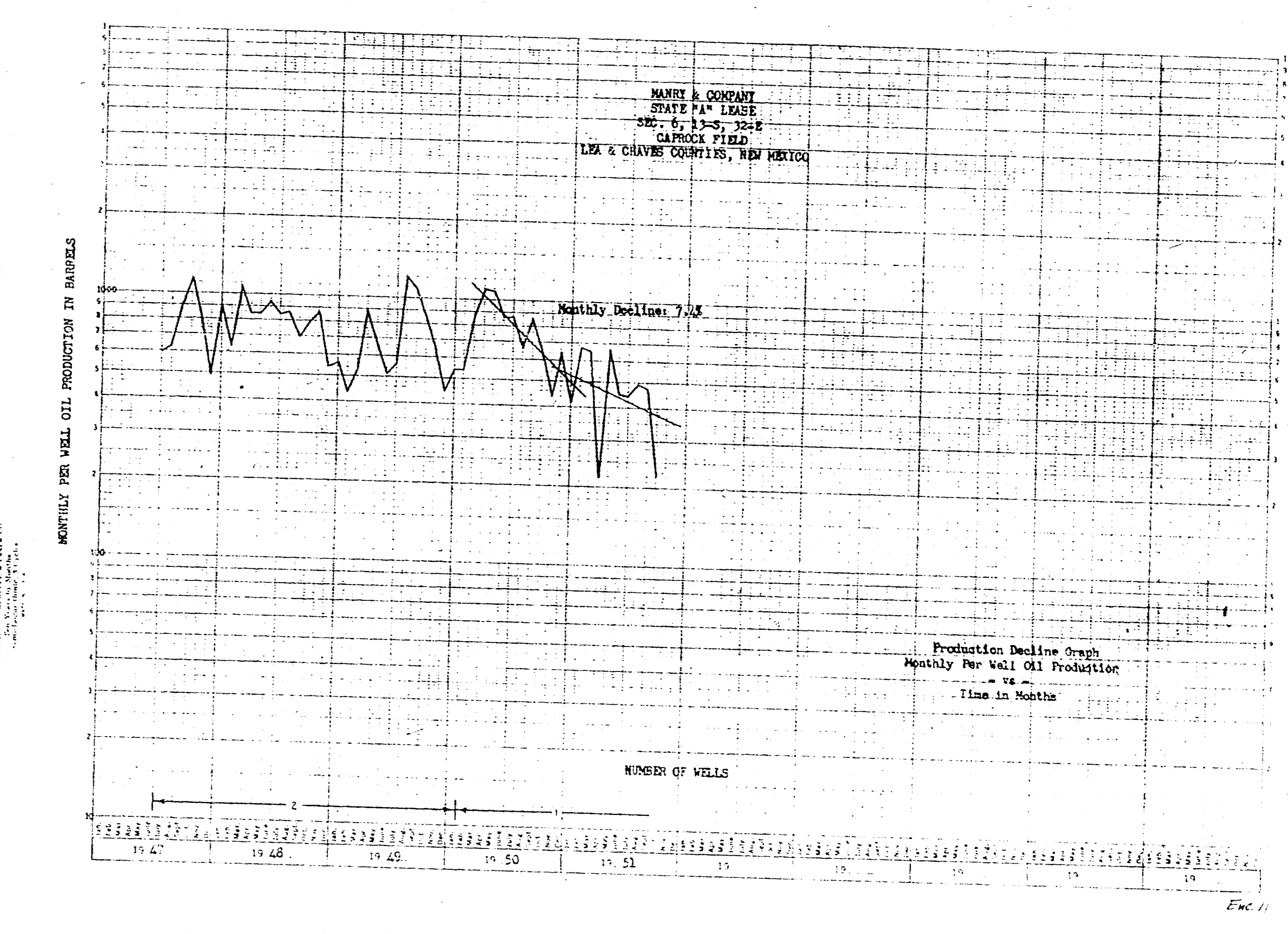
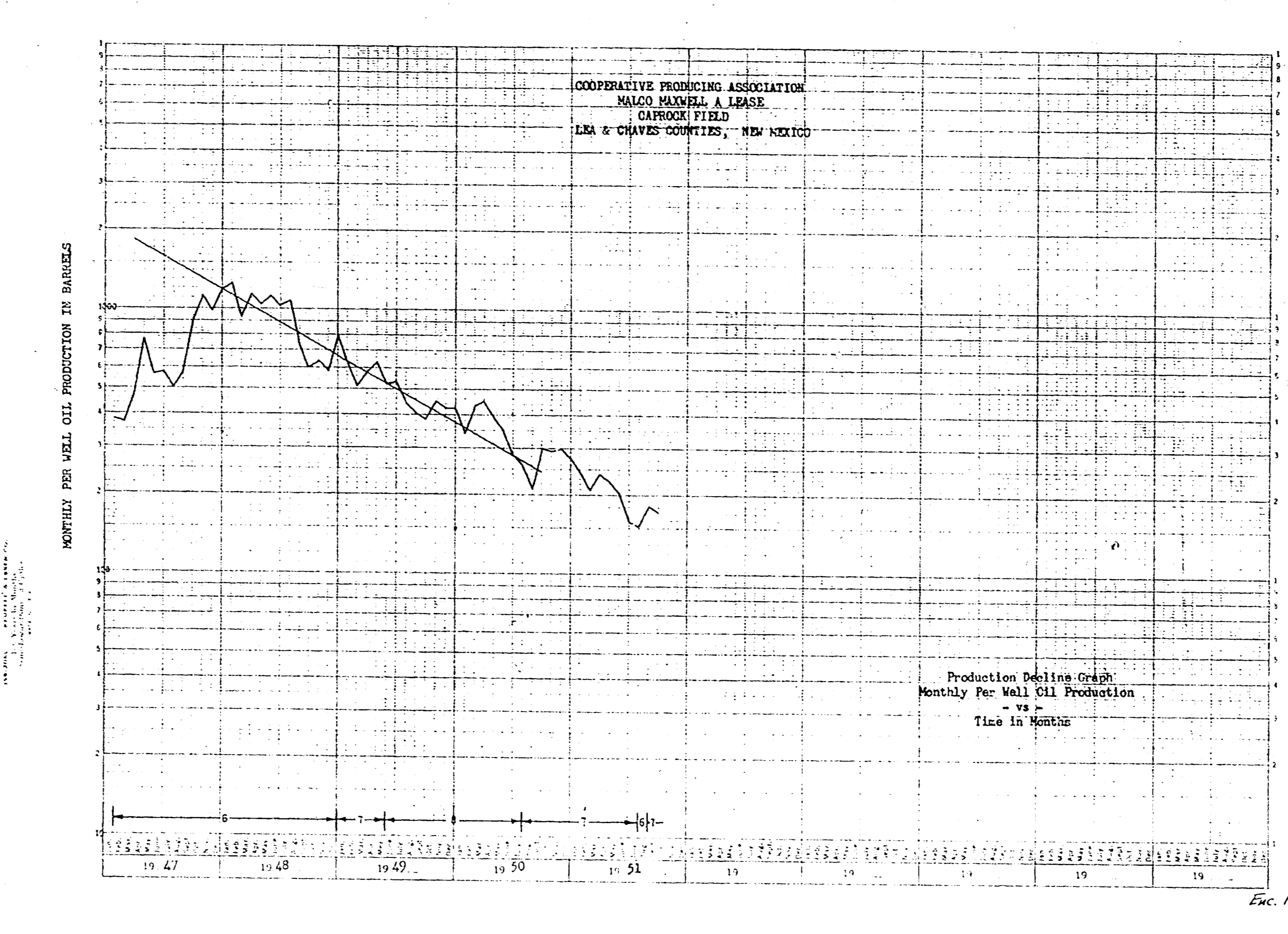
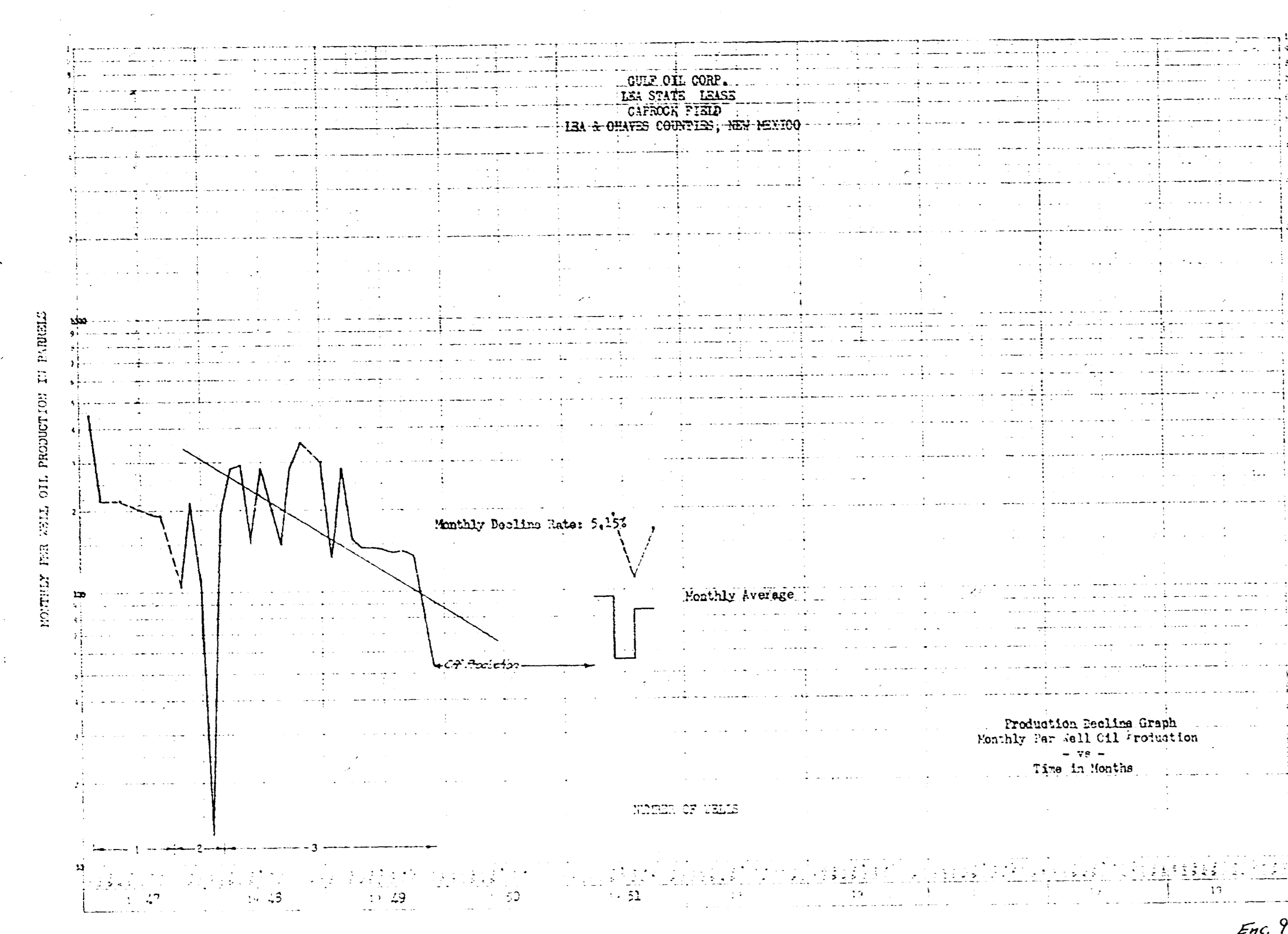
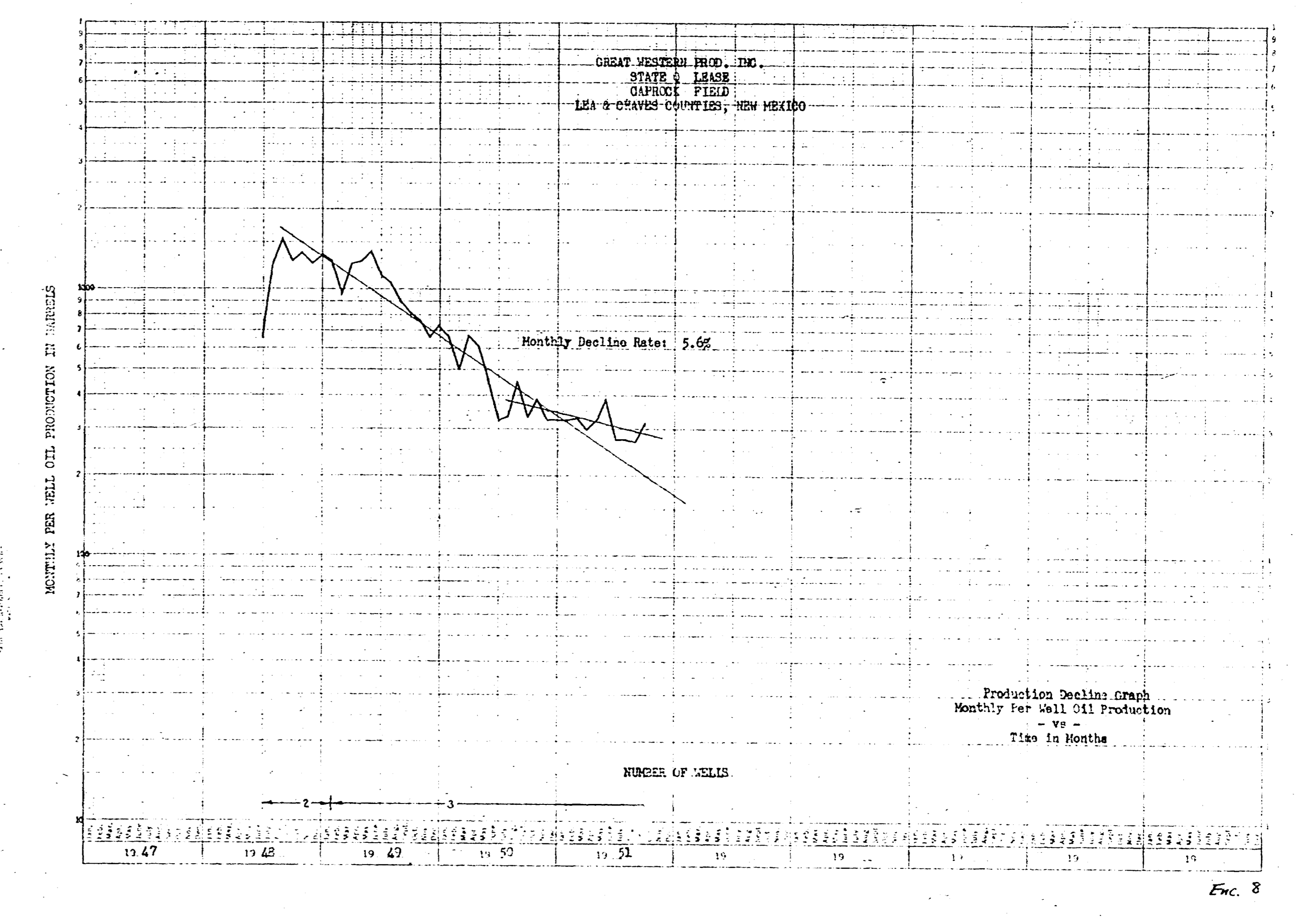
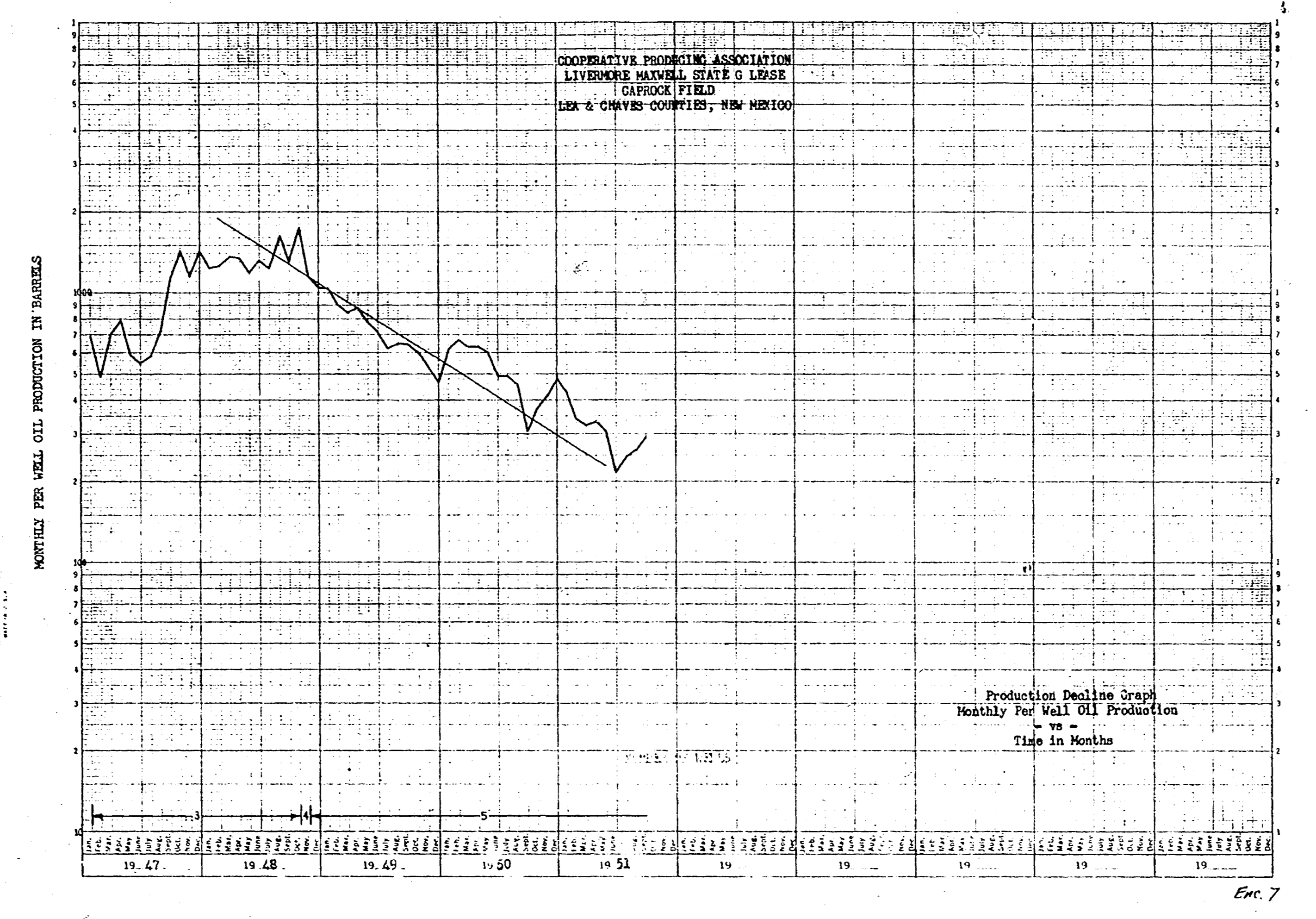
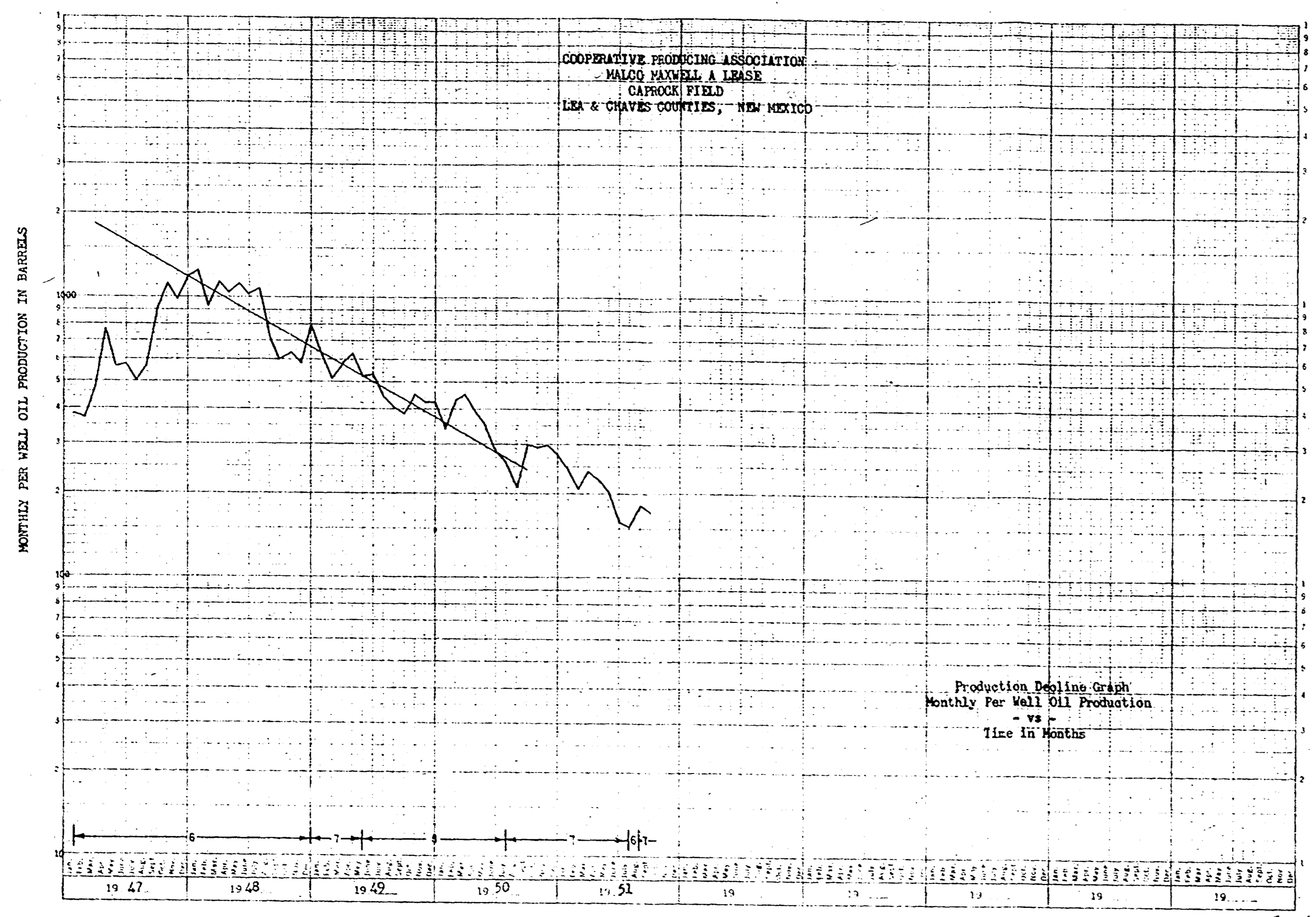
It is, in the writer's opinion, noteworthy that this one experimental air injection well, with an injected volume of less than the current oil depletion rate of the reservoir, has been able to materially change the producing characteristics of these surrounding wells. It has not only increased the effective bottom hole pressure but retarded the rate of oil production decline. From all indications, the present air injection system is operating satisfactorily, and it has been definitely demonstrated that air is the only practical injection medium for secondary oil recovery in the Caprock Field.

Respectfully submitted,
Robert D. Fitting

RF:mg

WATER INJECTION TEST
COOPERATIVE PRODUCING ASSOCIATION
FIELD NO. 1
OCTOBER 25, 1951

Well Name	Depth	Pressure, Pounds
231 0"	-	10:00 A.M. 0
231 8-3/4"	25	10:15 A.M. 0
231 16-1/2"	2.25	10:30 A.M. 100
231 24-1/4"	2.75	10:45 A.M. 175
231 32-1/4"	3.25	11:00 A.M. 270
231 40-1/4"	3.75	11:15 A.M. 500
231 48-1/4"	4.25	11:30 A.M. 750
231 56-1/4"	4.75	12:00 Noon 750
231 64-1/4"	5.25	1:00 P.M. 750
231 72-1/4"	5.75	2:00 P.M. 750
231 80-1/4"	6.25	3:00 P.M. 750
231 88-1/4"	6.75	4:00 P.M. 750
231 96-1/4"	7.25	5:00 P.M. 750
231 104-1/4"	7.75	6:00 P.M. 750
231 112-1/4"	8.25	7:00 P.M. 750
231 120-1/4"	8.75	8:00 P.M. 770
231 128-1/4"	9.25	9:00 P.M. 770
231 136-1/4"	9.75	10:00 P.M. 770
231 144-1/4"	10.25	11:00 P.M. 770
231 152-1/4"	10.75	12:00 M.N. 800
231 160-1/4"	11.25	1:00 A.M. 750
231 168-1/4"	11.75	2:00 A.M. 700
231 176-1/4"	12.25	3:00 A.M. 700
231 184-1/4"	12.75	4:00 A.M. 700
231 192-1/4"	13.25	5:00 A.M. 700
231 200-1/4"	13.75	6:00 A.M. 700
231 208-1/4"	14.25	7:00 A.M. 700
231 216-1/4"	14.75	8:00 A.M. 700
231 224-1/4"	15.25	9:00 A.M. 700
231 232-1/4"	15.75	10:00 A.M. 700
231 240-1/4"	16.25	11:00 A.M. 700
231 248-1/4"	16.75	12:00 A.M. 700
231 256-1/4"	17.25	1:00 A.M. 700
231 264-1/4"	17.75	2:00 A.M. 700
231 272-1/4"	18.25	3:00 A.M. 700
231 280-1/4"	18.75	4:00 A.M. 700
231 288-1/4"	19.25	5:00 A.M. 700
231 296-1/4"	19.75	6:00 A.M. 700
231 304-1/4"	20.25	7:00 A.M. 700
231 312-1/4"	20.75	8:00 A.M. 700
231 320-1/4"	21.25	9:00 A.M. 700
231 328-1/4"	21.75	10:00 A.M. 700
231 336-1/4"	22.25	11:00 A.M. 700
231 344-1/4"	22.75	12:00 A.M. 700
231 352-1/4"	23.25	1:00 A.M. 700
231 360-1/4"	23.75	2:00 A.M. 700
231 368-1/4"	24.25	3:00 A.M. 700
231 376-1/4"	24.75	4:00 A.M. 700
231 384-1/4"	25.25	5:00 A.M. 700
231 392-1/4"	25.75	6:00 A.M. 700
231 400-1/4"	26.25	7:00 A.M. 700
231 408-1/4"	26.75	8:00 A.M. 700
231 416-1/4"	27.25	9:00 A.M. 700
231 424-1/4"	27.75	10:00 A.M. 700
231 432-1/4"	28.25	11:00 A.M. 700
231 440-1/4"	28.75	12:00 A.M. 700
231 448-1/4"	29.25	1:00 A.M. 700
231 456-1/4"	29.75	2:00 A.M. 700
231 464-1/4"	30.25	3:00 A.M. 700
231 472-1/4"	30.75	4:00 A.M. 700
231 480-1/4"	31.25	5:00 A.M. 700
231 488-1/4"	31.75	6:00 A.M. 700
231 496-1/4"	32.25	7:00 A.M. 700
231 504-1/4"	32.75	8:00 A.M. 700
231 512-1/4"	33.25	9:00 A.M. 700
231 520-1/4"	33.75	10:00 A.M. 700
231 528-1/4"	34.25	11:00 A.M. 700
231 536-1/4"	34.75	12:00 A.M. 700
231 544-1/4"	35.25	1:00 A.M. 700
231 552-1/4"	35.75	2:00 A.M. 700
231 560-1/4"	36.25	3:00 A.M. 700
231 568-1/4"	36.75	4:00 A.M. 700
231 576-1/4"	37.25	5:00 A.M. 700
231 584-1/4"	37.75	6:00 A.M. 700
231 592-1/4"	38.25	7:00 A.M. 700
231 600-1/4"	38.75	8:00 A.M. 700
231 608-1/4"	39.25	9:00 A.M. 700
231 616-1/4"	39.75	10:00 A.M. 700
231 624-1/4"	40.25	11:00 A.M. 700
231 632-1/4"	40.75	12:00 A.M. 700
231 640-1/4"	41.25	1:00 A.M. 700
231 648-1/4"	41.75	2:00 A.M. 700
231 656-1/4"	42.25	3:00 A.M. 700
231 664-1/4"	42.75	4:00 A.M. 700
231 672-1/4"	43.25	5:00 A.M. 700
231 680-1/4"	43.75	6:00 A.M. 700
231 688-1/4"	44.25	7:00 A.M. 700
231 696-1/4"	44.75	8:00 A.M. 700
231 704-1/4"	45.25	9:00 A.M. 700
231 712-1/4"	45.75	10:00 A.M. 700
231 720-1/4"	46.25	11:00 A.M. 700
231 728-1/4"	46.75	12:00 A.M. 700
231 736-1/4"	47.25	1:00 A.M. 700
231 744-1/4"	47.75	2:00 A.M. 700
231 752-1/4"	48.25	3:00 A.M. 700
231 760-1/4"	48.75	4:00 A.M. 700
231 768-1/4"	49.25	5:00 A.M. 700
231 776-1/4"	49.75	6:00 A.M. 700
231 784-1/4"	50.25	7:00 A.M. 700
231 792-1/4"	50.75	8:00 A.M. 700
231 800-1/4"	51.25	9:00 A.M. 700
231 808-1/4"	51.75	10:00 A.M. 700
231 816-1/4"	52.25	11:00 A.M. 700
231 824-1/4"	52.75	12:00 A.M. 700
231 832-1/4"	53.25	1:00 A.M. 700
231 840-1/4"	53.75	2:00 A.M. 700
231 848-1/4"	54.25	3:00 A.M. 700
231 856-1/4"	54.75	4:00 A.M. 700
231 864-1/4"	55.25	5:00 A.M. 700
231 872-1/4"	55.75	6:00 A.M. 700
231 880-1/4"	56.25	7:00 A.M. 700
231 888-1/4"	56.75	8:00 A.M. 700
231 896-1/4"	57.25	9:00 A.M. 700
231 904-1/4"	57.75	10:00 A.M. 700
231 912-1/4"	58.25	11:00 A.M. 700
231 920-1/4"	58.75	12:00 A.M. 700
231 928-1/4"	59.25	1:00 A.M. 700
231 936-1/4"	59.75	2:00 A.M. 700
231 944-1/4"	60.25	3:00 A.M. 700
231 952-1/4"	60.75	4:00 A.M. 700
231 960-1/4"	61.25	5:00 A.M. 700
231 968-1/4"	61.75	6:00 A.M. 700
231 976-1/4"	62.25	7:00 A.M. 700
231 984-1/4"	62.75	8:00 A.M. 700
231 992-1/4"	63.25	9:00 A.M. 700
231 1000-1/4"	63.75	10:00 A.M. 700
231 1008-1/4"	64.25	11:00 A.M. 700
231 1016-1/4"	64.75	12:00 A.M. 700
231 1024-1/4"	65.25	1:00 A.M. 700
231 1032-1/4"	65.75	2:00 A.M. 700
231 1040-1/4"	66.25	3:00 A.M. 700
231 1048-1/4"	66.75	4:00 A.M. 700
231 1056-1/4"	67.25	5:00 A.M. 700
231 1064-1/4"	67.75	6:00 A.M. 700
231 1072-1/4"	68.25	7:00 A.M. 700
231 1080-1/4"	68.75	8:00 A.M. 700
231 1088-1/4"	69.25	9:00 A.M. 700
231 1096-1/4"	69.75	10:00 A.M. 700
231 1104-1/4"	70.25	11:00 A.M. 700
231 1112-1/4"	70.75	12:00 A.M. 700
231 1120-1/4"	71.25	1:00 A.M. 700
231 1128-1/4"	71.75	2:00 A.M. 700
231 1136-1/4"	72.25	3:00 A.M. 700
231 1144-1/4"	72.75	4:00 A.M. 700
231 1152-1/4"	73.25	5:00 A.M. 700
231 1160-1/4"	73.75	6:00 A.M. 700
231 1168-1/4"	74.25	7:00 A.M. 700
231 1176-1/4"	74.75	8:00 A.M. 700
231 1184-1/4"	75.25	9:00 A.M. 700
231 1192-1/4"	75.75	10:00 A.M. 700
231 1200-1/4"	76.25	11:00 A.M. 700
231 1208-1/4"	76.75	12:00 A.M. 700
231 1216-1/4"	77.25	1:00 A.M. 700
231 1224-1/4"	77.75	2:00 A.M. 700
231 1232-1/4"	78.25	3:00 A.M. 700
231 1240-1/4"	78.75	4:00 A.M. 700
231 1248-1/4"	79.25	5:00 A.M. 700
231 1256-1/4"	79.75	6:00 A.M. 700
231 1264-1/4"	80.25	7:00 A.M. 700
231 1272-1/4"	80.75	8:00 A.M. 700
231 1280-1/4"	81.25	9:00 A.M. 700
231 1288-1/4"	81.75	10:00 A.M. 700
231 1296-1/4"	82.25	11:00 A.M. 700
231 1304-1/4"	82.75	12:00 A.M. 700
231 1312-1/4"	83.25	1:00 A.M. 700
231 1320-1/4"	83.75	2:00 A.M. 700
231 1328-1/4"	84.25	3:00 A.M. 700
231 1336-1/4"	84.75	4:00 A.M. 700
231 1344-1/4"	85.25	5:00 A.M. 700
231 1352-1/4"	85.75	6:00 A.M. 700
231 1360-1/4"	86.25	7:00 A.M. 700
231 1368-1/4"	86.75	8:00 A.M. 700
231 1376-1/4"	87.25	9:00 A.M. 700
231 1384-1/4"	87.75	10:00 A.M. 700
231 1392-1/4"	88.25	11:00 A.M. 700
231 1400-1/4"	88.75	12:00 A.M. 700
231 1408-1/4"	89.25	1:00 A.M. 700
231 1416-1/4"	89.75	2:00 A.M. 700
231 1424-1/4"	90.25	3:00 A.M. 700
231 1432-1/4"	90.75	4:00 A.M. 700
231 1440-1/4"	91.25	5:00 A.M. 700
231 1448-1/4"	91.75	6:00 A.M. 700
231 1456-1/4"	92.25	7:00 A.M. 700
231 1464-1/4"	92.75	8:00 A.M. 700
231 1472-1/4"	93.25	9:00 A.M. 700
231 1480-1/4"	93.75	10:00 A.M. 700
231 1488-1/4"	94.25	11:00 A.M. 700
231 1496-1/4"	94.75	12:00 A.M. 700
231 1504-1/4"	95.25	1:00 A.M. 700
231 1512-1/4"	95.75	2:00 A.M. 700
231 1520-1/4"	96.25	3:00 A.M. 700
231 1528-1/4"	96.75	4:00 A.M. 700
231 1536-1/4"	97.25	5:00 A.M. 700
231 1544-1/4"	97.75	6:00 A.M. 700
231 1552-1/4"	98.25	7:00 A.M. 700
231 1560-1/4"	98.75	8:00 A.M. 700
231 1568-1/4"	99.25	9:00 A.M. 700
231 1576-1/4"	99.75	10:00 A.M. 700
231 1584-1/4"	100.25	11:00 A.M. 700
231 1592-1/4"	100.75	12:00 A.M. 700
231 1600-1/4"	101.25	1:00 A.M. 700
231 1608-1/4"	101.75	2:00 A.M. 700
231 1616-1/4"	102.25	3:00 A.M. 700
231		



REPORT ON THE FEASIBILITY OF
EXTENDING PRODUCTION OF THE
CAPROCK FIELD, LEA AND CHAVES
COUNTIES, NEW MEXICO

1. Discussion.
2. Description of the Field.
3. Description of the Lease.
4. Description of the Production.
5. Description of the Reservoir.
6. Description of the Well.
7. Description of the Production.
8. Description of the Reservoir.
9. Description of the Well.
10. Description of the Production.
11. Description of the Reservoir.
12. Description of the Well.
13. Description of the Production.
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17. Description of the Reservoir.
18. Description of the Well.
19. Description of the Production.
20. Description of the Reservoir.
21. Description of the Well.
22. Description of the Production.

Prepared For:
Cooperative Producing Association
Amorillo
Texas

Registered By:
Mr. J. O. Denton, Jr.
March 15, 1949

Prepared By:
J. O. Denton, Jr.
March 15, 1949

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REPORT ON THE FEASIBILITY OF SECONDARY RECOVERY IN THE CAPROCK FIELD, LEA AND CHAVEZ COUNTIES, NEW MEXICO

Considerable time has been spent in a study of the Caprock Field reservoir in order to determine the probable results from a secondary oil recovery program. An engineering committee was formed of the Caprock Field operators and a concerted effort was made, primarily by the Cooperative Producing Association, to organize a fieldwide application of a secondary recovery program. Concrete evidence was presented by all companies that some type of secondary recovery method was feasible and would probably increase the amount of recoverable oil. The data presented, however, did not conclusively show the definite type of injection medium that would be applicable for the field. To inject water into the Caprock pay was not considered economical due to the scarcity of any known surface or subsurface water in the area. The use of gas was not advisable in that there was insufficient volume available with which to attempt a secondary recovery or repressuring program (see Tabulation 1). The only logical solution to the problem was injection of air, but due to experimental nature of this method of injection, agreement among the various operators could not be reached.

Working on the supposition that a secondary recovery method was absolutely essential for the future life of the field and with full realization that now is the time to commence such a program before all the available reservoir energy is depleted, the Cooperative Producing Association decided to formulate plans for an experimental air injection program. The conclusions reached after a complete investigation was that the injection should be experimentally commenced on the State "A" lease located in the north end of the field, and that air without additive casinghead gas should

be used with the introduction of measured quantities of water to create a "weep or bank" effect. The mixing of air and the produced casinghead gas was not considered feasible in that O.P.M. test of the gas produced by offset wells showed a gasoline content that would probably be dangerous to process in that explosive mixture might occur (see Tabulation 2). The following is a brief summary of the information derived by this investigation of the properties with estimates as to the amount of additional oil recovery that may be expected by the application of a secondary recovery program:

CAPROCK FIELD DISCUSSION

The Caprock Field of Lea and Chavez Counties, New Mexico is generally located in Township 12 and 13 South and Ranges 31 and 32 East. The field was discovered by G. P. Livermore, State-Dean No. 1, located in Section 20, T-12-S. R-32-E, when an oil productive Queen sand member was encountered between an interval of 300' to 350' feet. This well was subsequently deepened to 435' feet in order to test the San Andres limestone; however, the same was watered. The well was then plugged back to the upper oil show and completed for 40 barrels of oil per day in October of 1940.

On January 1, 1949, there had been 136 wells drilled in the Caprock area of which 10 were completed as dry holes, 91 were pumping and 33 were flowing. As of the present date the majority of the wells in the field are being pumped, and there are two wells shut in as a result of edge water encroachment. The Caprock Field has a cumulative oil recovery to January 1, 1949 of 2,012,050 barrels. During the year of 1948, 128 producing wells produced 320,809 barrels of oil with 2,054 barrels of water. The crude is 38 degrees gravity with a sulphur content of 1.07 per cent. Until September 1, 1947 the oil produced from this field was curtailed as a result of inadequate crude shipping facilities; however, at this time the Stanolind Pipe

Line Company installed a gathering system, and capacity production has subsequently occurred.

The oil accumulation in the Caprock Field is considered to be a permeability lens or stratigraphic trap within the Artesian Red Sand, a member of the Queen Sandstone of Permian Age, occurring between a depth of 3000 to 3200 feet. The sand is fine to coarsely grained and is, in the oil productive parts, oxidized to a gray-white color. The permeability is not uniform, varying both in vertical and horizontal distribution. The pay section is approximately 25 feet in gross thickness with an average of eight to ten feet of net effective pay.

Wells in the area are generally drilled by rotary to the point of setting the oil string on top of the oil productive sand and are completed with cable tools. It was general practice in the completion of many Caprock wells to barely penetrate the more permeable member of the pay section. Re-work completions of some of these older wells have shown that the higher rate of production decline exhibited by many of these wells can be increased by drilling of the complete pay section and shooting with from 30 to 120 quarts of nitroglycerine.

SUMMARY OF AVAILABLE DATA

Available reservoir information on the Caprock Field is not sufficient for a complete analysis of this accumulation. There is a complete lack of gas-oil ratio history on a fieldwide basis, and electric logs have been run on but two wells. Core analysis is available on several wells; however, these analyses appear to be confined to the less permeable parts of the pay section. This is as a result of extremely difficult experience with either rotary or cable tool core barrels in recovering the more permeable, non-connected, pay section. A single bottom hole oil sample in the field has been taken. Physical well record data are available, and pay thickness is generally of record on some of the wells, but is lacking on the better wells that

have not drilled to the entire pay section. Several records of bottom hole pressure surveys are enclosed, but productivity indices have not been taken. The oil production record is complete as reported to the State Conservation Commission; however, it is only reliable by tank batteries.

CAPROCK RESERVOIR CHARACTERISTICS

The net effective pay of the Caprock Field is estimated to comprise from eight to ten feet of fine to coarse-grained, well oil-saturated sandstone. The permeability of one part of the pay section is of high order. This zone has been analyzed from 250 to 850 millidarcies on two different samples. The oil is undersaturated with gas, and a solution gas-oil ratio is reported on one analysis to be 260 cubic feet per barrel. The porosity is high, averaging 19 per cent on the unconnected parts, and the connate water content is variable from a lowest point of 6.5 to 31.8 for an overall average of approximately 18 per cent.

Little evidence exists to substantiate a water drive in the field. The water currently produced by edge wells is considered to be as a result of release of formation connate water with the lowering reservoir pressure. The rate of water influx does not appear to be proportional to the rate of fluid withdrawal from the reservoir. There are many indications of permeability barriers within the field, and it is reasonable to assume that reservoir edge barriers may exist, and thereby prevent effective pressure maintenance from water influx. A concrete effort was made to determine whether or not the operators in the field would be interested in artificial water flood, air or gas injection program. Much effort and time was put into this undertaking; however, the various operators in the field were evidently reluctant to cooperate with one another.

OIL RESERVE ESTIMATION

The oil reserves estimated to be recoverable by primary means from the Cooperative Producing Association properties have been attempted by three separate methods.

Oil Production Decline

The use of oil production decline was considered applicable as the properties have produced to capacity since the installation of a pipeline to the field in September of 1947. All leases have been examined separately, and enclosed are oil production decline graphs on the State "A" and "O" leases located in the area of the proposed experimental air injection and for comparison, a graph on all of the leases (Enclosure 2). The present indicated future expected oil recovery on an economic limit of 30 barrels per well per month is 12,846 barrels for an ultimate oil recovery per well of 54,847 barrels. The State "O" lease, with a present decline rate of 4.15 per cent per month, is calculated to have a future oil recovery of 15,518 barrels for an ultimate oil recovery per well of 51,928 barrels. An average of all Cooperative Producing Association wells has shown a decline of three per cent per month for future estimated oil recovery per well, to the economic limit of 30 barrels per well per month of 11,800 barrels, or an ultimate oil recovery per well of 36,052 barrels.

Pressure Decline versus Cumulative Oil Production

Lease average bottom hole pressure data from several general field-wide surveys have been plotted against the cumulative oil production of these leases (Enclosure 3). Bottom hole pressure maps of the last available surveys are also enclosed (Enclosures 5, 6 and 7). It is calculated on pressure decline that the State "A" will have an ultimate oil recovery per well to a

depletion pressure of 50 p.s.i.g., approximately 47,831 barrels with a future oil recovery of 2850 barrels of oil. On the same set of conditions it is estimated that the five-well State "O" lease will have ultimate oil recovery per well of 39,600 barrels for a future recovery of 3564 barrels. The bottom hole pressure survey of March 15, 1950 did not include all of the subject wells, but using an average of 200 pound pressure decline, confirmation of the curve established by previous surveys is obtained.

Voluimetric Analysis

Complete information is lacking to provide an adequate oil reserve estimation by the volumetric analysis method. The information presently available from Core Laboratories, Incorporated, however, indicates that the following factors are probably applicable:

Barrels per acre foot	7758
Average Porosity	.195
Connate Water Factor	.83
Shrinkage Factor	.87
Recovery factor by primary means	25.5
Indicated Recoverable Oil per acre foot	213 Bbls.
Indicated recoverable oil per acre x 8 feet net pay	1724 Bbls.
Assumed drainage per well	40 acres
Calculated ultimate oil recovery for average well	68,166 Bbls.

The discrepancies exist between the estimated oil apparently recoverable, based on pay volume, pressure decline and production decline is considerable. The rate of pressure decline is exceedingly great and should be seriously considered. The rate of oil production decline is probably directly dependent upon the rate of pressure depletion. The end effect of gravity drainage is now known, but it is estimated that mechanics of

gravity drainage will not be efficient in this field. It is, however, apparent that some method of experimental secondary recovery program is needed and should be commenced before all available reservoir energy has been depleted. The increased oil recovery by secondary methods cannot be accurately calculated from the available field data, but it is entirely possible that an additional 20 to 30 per cent of the oil in place could be obtained.

SECONDARY RECOVERY PROGRAM

It was fairly evident that the normal secondary recovery method of water or gas injection is not applicable to these properties as water in quantity is not available and sufficient gas in the area is non-existent. A search was made into the available literature on the use of air injection for secondary recovery. There are several evident disadvantages to the use of air as an injection medium, such as corrosion of equipment, increasing the viscosity and decreasing the gravity of the produced crude, formation of gas and recycling of explosive mixtures. In order to help prevent the most serious of these conditions, gas formation and explosive mixtures, it was decided to inject air after the injection of a measured quantity of water plus additive chemicals to decrease gas formation and form a "bank or weep" effect. It was in addition agreed to introduce water at set intervals in order to maintain the bank and decrease recycling "bypass". The recycling of possible explosive mixtures and bypass is to be additionally controlled by the use of low injection pressures and volumes. An investigation into pay versus volume relationship in other such air injection programs showed that if a volume equivalent to 1000 times the gross pay, or in this case 30,000 cubic feet a day is injected, the most efficiency is obtained.

The present intention of the Cooperative Producing Association is to experimentally inject air and water in well State No. 2 "A". The volume to be injected is from 20 to 40,000 cubic feet of gas per day at a pressure

not to exceed 200 p.s.i.g. Adequate two-stage air compressors will be installed as shown on Enclosure 1, and complete checking of volumes both at the input well and in all output wells will be installed. All possible safeguards will be maintained to prevent "bypass". The location of the input well is such as to result in the effect from injection being noticed on the subject wells before the offset producers. The volume to be injected is not considered to be sufficient to allow quick "bypass" or increases in the oil production of offset wells and will undoubtedly require 10 to 15 months before the results are noticed. The above outlined method of air and water injection for secondary oil recovery in the Caprock Field is considered to be the best method possible at the present time and an experimental program will probably in a year indicate its relative worth.

COOPERATIVE PRODUCING ASSOCIATION STATE "A" & "O" LEASES CHAVEZ, SANTA FE COUNTIES, NEW MEXICO

Lease & Well	Oil Production Per Day	Gas Volume (Casing) 100/Day	Casing Gas-Oil Ratio
State "A" - 1	14	"	"
2	14	"	"
3	14	15.7	1121
4	24	52.2	2071
5	14	"	"
6	42	35.2	719
7	14	"	"
8	14	"	"
State "O" - 1	42	32.5	773
4	20	65.9	3295
5	42	"	"
6	20	25.2	1260
7	20	"	"

Note: State "A" - 4, 5 & 6 & State "O" - 1, 4, 5, 6, 7 tested during 12-hour flow at separator with 2" testor A 1/8-inch plate - insufficient to measure.

*Slightly under-saturated.

Tabulation 1.

GENERAL CATALOGUE FROM THE STATE OF NEW MEXICO COOPERATIVE PRODUCING ASSOCIATION STATE "A" & "O" LEASES CHAVEZ, SANTA FE COUNTIES, NEW MEXICO

Lease & Well No.	G.P.M.	Recovery (c.c.)
State "A" No. 1	1.456	29
State "O" No. 3	1.666	42
State "A" No. 4	.962*	13
S. L. Williams No. 3	1.877	49
State "O" No. 6	1.022*	15
State "O" No. 1	1.333	33

*Slightly under-saturated.

Tabulation 2.

MARCH 15, 1950-500/200 BOTTOM HOLE PRESSURE SURVEY STATE "A" & "O" LEASES CHAVEZ, SANTA FE COUNTIES, NEW MEXICO

Lease & Well	State	Date	Foot To Fluid Column	Pressure of Gas Column	Pressure of Oil Column	Assumed Casing Pressure	Date
State "A" - 1	43951	29951	2604	3911	21	141	5
2	43951	29951	2776	191	24	7	31
3	43911	29911	2969	311	24	11	20
4	43851	29851	2316	159*	23	27	25
5	43551	29551	2419	644	19	230	259
6	43821	29821	2419	259	19	203	247
7	43831	29831	2670	313	21	149	10
8	43831	29831	2814	201	22	35	10
State "O" - 1	43971	29971	2545	1211	23	48	25
2	43741	29741	2991	51	23	49	1
3	43901	29901	2973	201	24	23	44
4	43841	29841	2765	621	21	255	15
7	43851	29851	2991	201	21	150	19

245

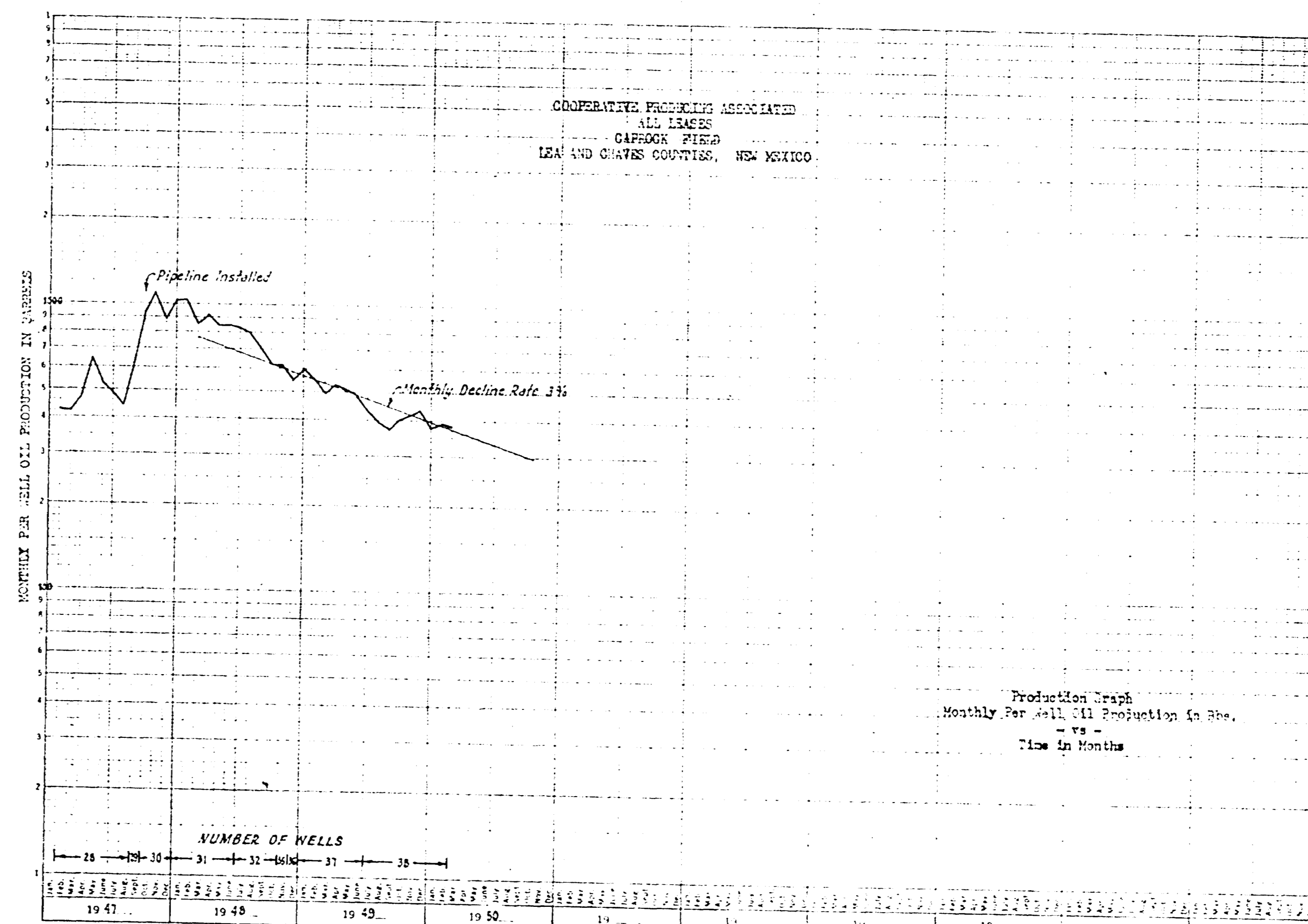
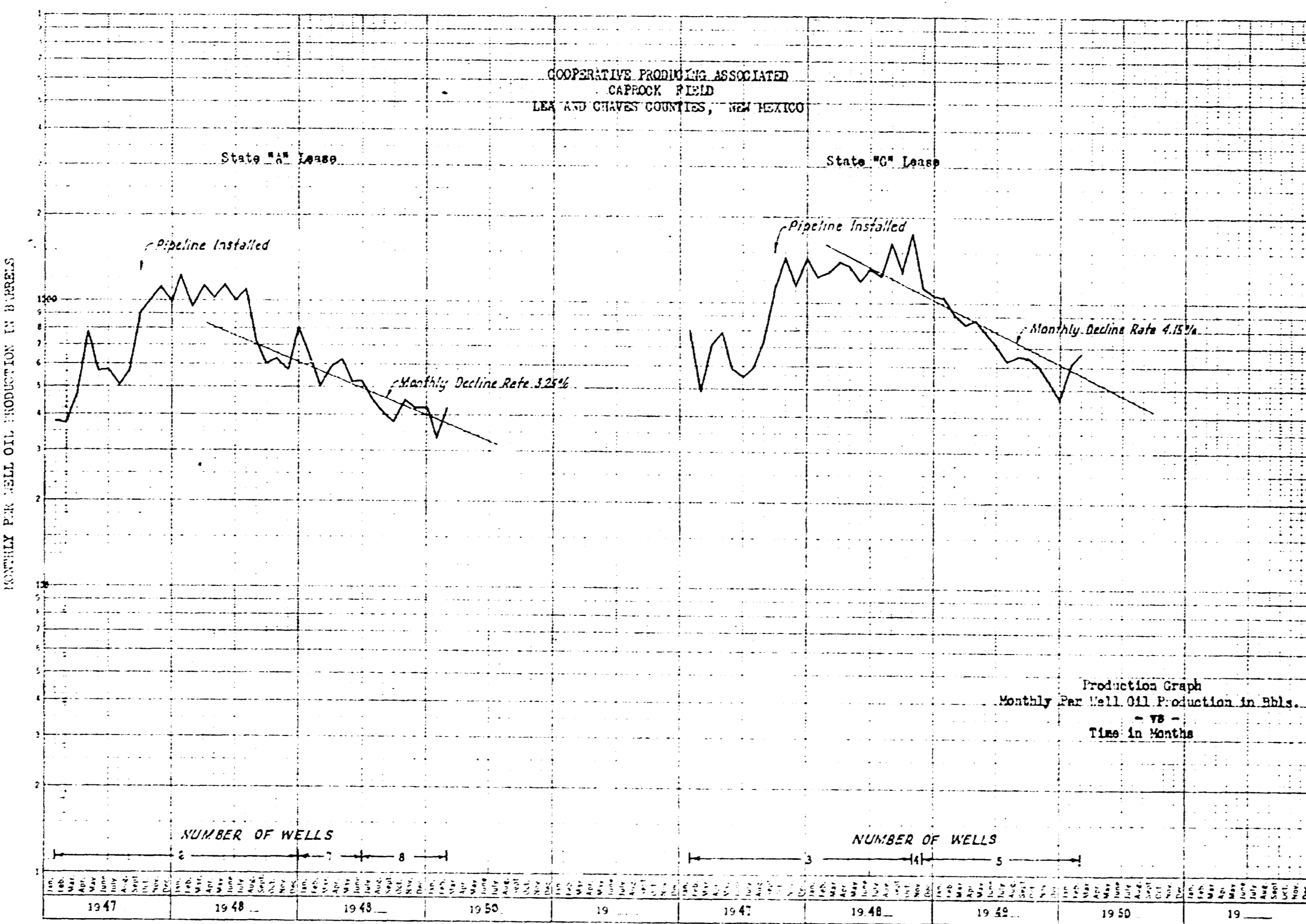
AVERAGE PER WELL PRODUCTION COOPERATIVE PRODUCING ASSOCIATION LEASES CAPROCK FIELD, LEA AND CHAVEZ COUNTIES, NEW MEXICO

State No.	State No.	All No.	1948	State No.	State No.	All No.	1949	State No.	State No.	All No.			
1947	"A" Wells	"O" Wells	Lease Wells	1948	"A" Wells	"O" Wells	Lease Wells	1949	"A" Wells	"O" Wells	Lease Wells		
Jan.	379	6	693	3	427	25	Jan.	1246	6	1236	3	1036	31
Feb.	373	6	431	3	406	28	Feb.	946	6	1278	3	855	31
Mar.	469	6	709	3	472	28	Mar.	1123	6	1384	3	902	31
Apr.	753	6	786	3	648	28	Apr.	1033	6	1358	3	843	31
May	565	6	584	3	530	28	May	1137	6	1197	3	842	31
June	572	6	556	3	430	28	June	1007	6	1305	3	829	32
July	504	6	555	3	443	28	July	1096	6	1246	3	816	32
Aug.	570	6	723	3	630	28	Aug.	785	6	1636	3	698	32
Sept.	591	6	1108	3	929	29	Sept.	606	6	1294	3	621	32
Oct.	1111	6	1442	3	1100	30	Oct.	636	6	1761	3	613	32
Nov.	993	6	1152	3	1071	30	Nov.	577	6	1117	4	536	35
Dec.	1174	6	1437	3	1033	30	Dec.	802	6	1059	5	597	36

1947	Jan.	33	5	620	5	35	38
Feb.	426	5	774	5	354	36	
Lease Production to 3-1-50	26,804	180,133	921,577				
Avg. Per Well Production to 3-1-50	42,461	31,039	24,252				

*Pipe Line Installed.

Tabulation 4.



Enclosure 2 (Cont'd)

production decline graphs have been prepared on all of the leases in the field, and individual monthly oil production decline percentages for each lease has been determined (Pages 9 to 11). The average per well oil production for the first three months of 1950 has been used on each lease to derive an ultimate oil recovery by primary means through the extrapolation of this oil production rate at the current indicated decline to complete well abandonment (Pages 9 to 11). In instances where the present injection program has affected the current lease oil production decline rates, a decline rate has been determined prior to the injection and a present average oil production has been estimated from this curve. The resultant ultimate oil recoveries as calculated for the individual leases have been compiled into operators' interests and fieldwide totals. The total estimated ultimate oil recovery by primary means assignable to the leases of the individual operators has been employed in calculating the percentage interest it bears to the total field ultimate oil recovery (Page 6). This method of participation analysis is considered to result in the most equitable formula that can be determined for the Copeck Field unit and should be the basic participation of any cooperative or unit agreement promulgated for the field.

SUMMARY OF FIELD INTERESTS
COPECK FIELD
LEA AND GRAVES COUNTIES, WYOMING

Operator	No. Wells	Acres	Est. Ult. Oil Rec. (In Total)	Percentage of Total
WORKING INTEREST				
British-American	2	80	84,791	2.03785
Cities Service Oil Co.	3	120	106,537	2.84629
Cooperative Prod. Assn.	391	1,425,136	38,25145	30.46875
DeLorm Oil Co.	15	660	768,443	18.86262
Great Western Prod. Inc.	112	720	589,565	14.6866
Oil Well Corporation	7	280	144,190	3.65475
Murray & Company	4	160	92,689	2.3125
Mid-Continent Pet. Corp.	1	40	23,566	0.57672
Phillips Petroleum Co.	6	240	127,746	3.0722
Pratt, A. K.	4	160	174,473	4.31200
Rear Oil Co.	5	200	82,751	2.0882
Victory Pet. Corp.	19	760	44,280	1.104375
Watson Drig. Co.	2	80	33,341	0.8111
Williams	4	160	169,229	4.12500
TOTAL	128	5120	4,162,803	100.0000
ROYALTY INTEREST				
State	113	4520	476,433	11.4171
Williams	15	600	42,067	1.011775
TOTAL	128	5120	520,107	100.0000

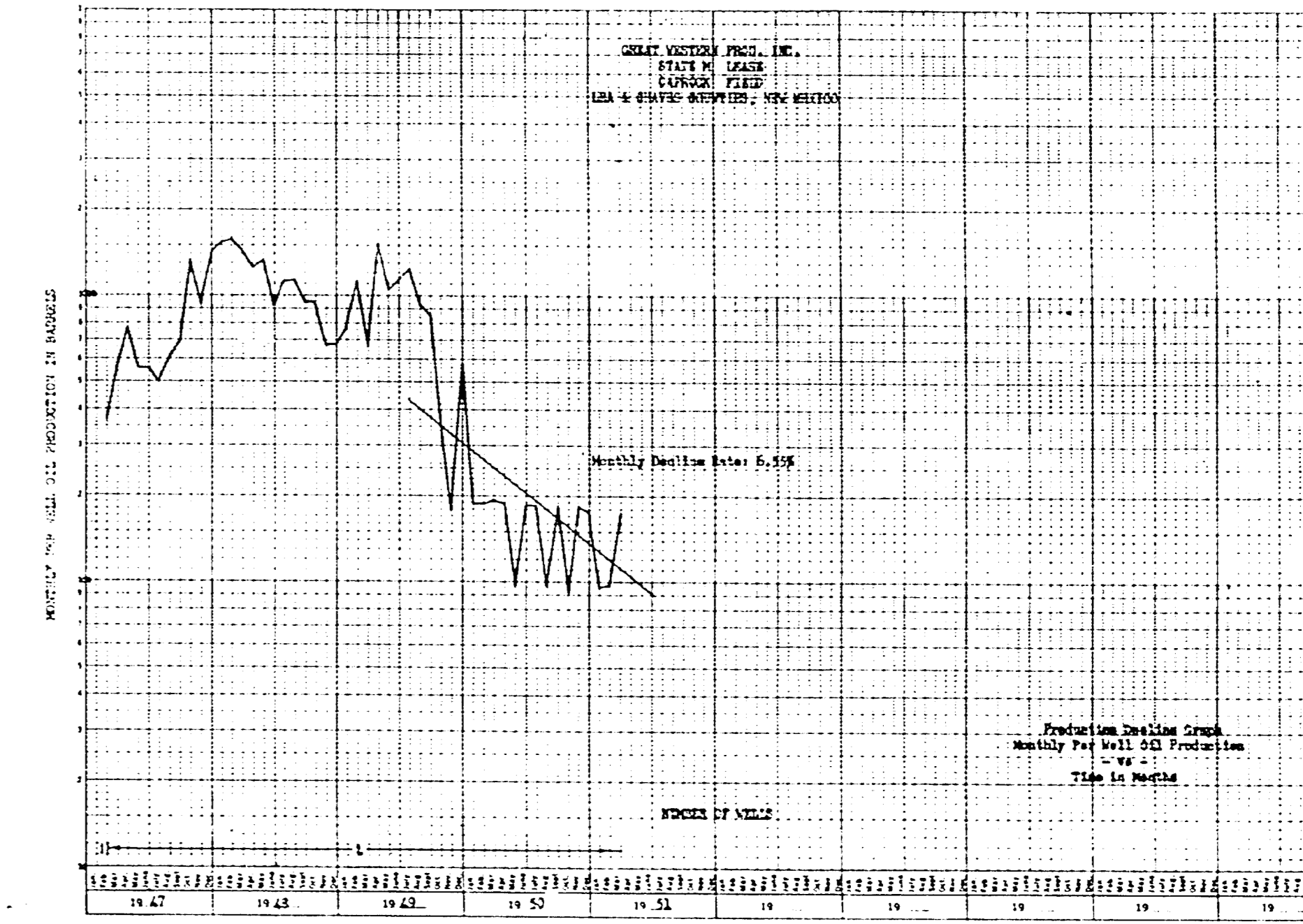
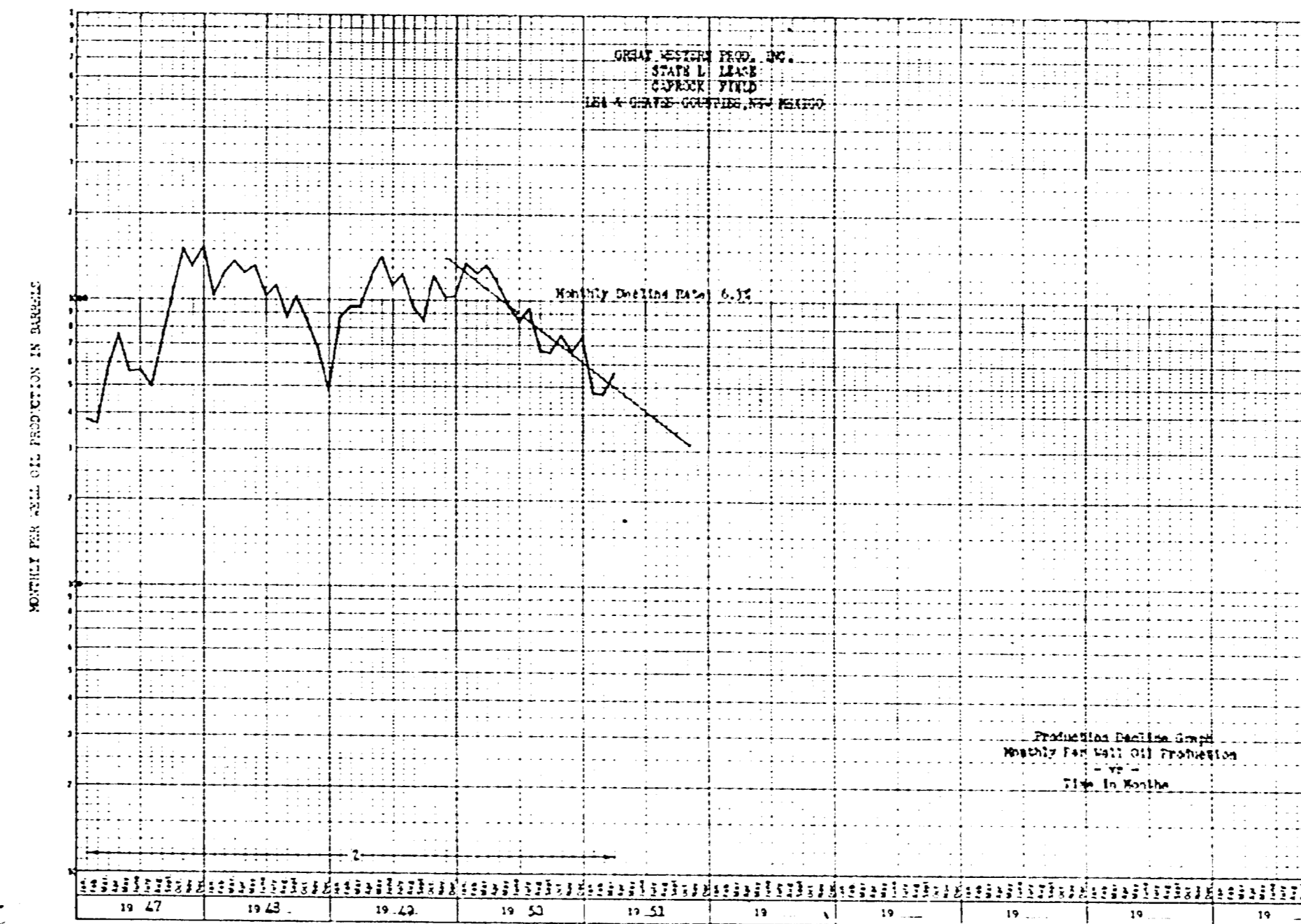
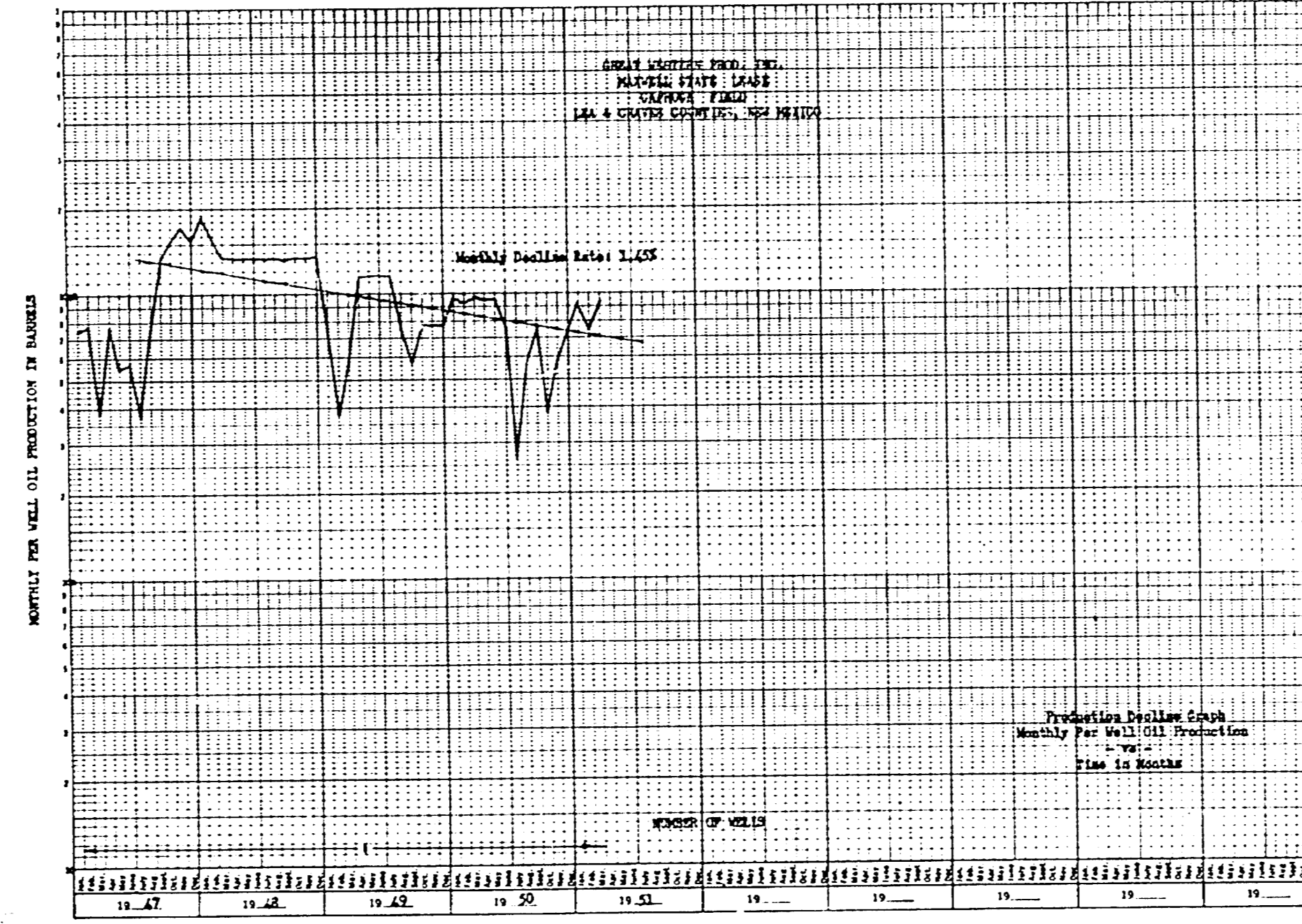
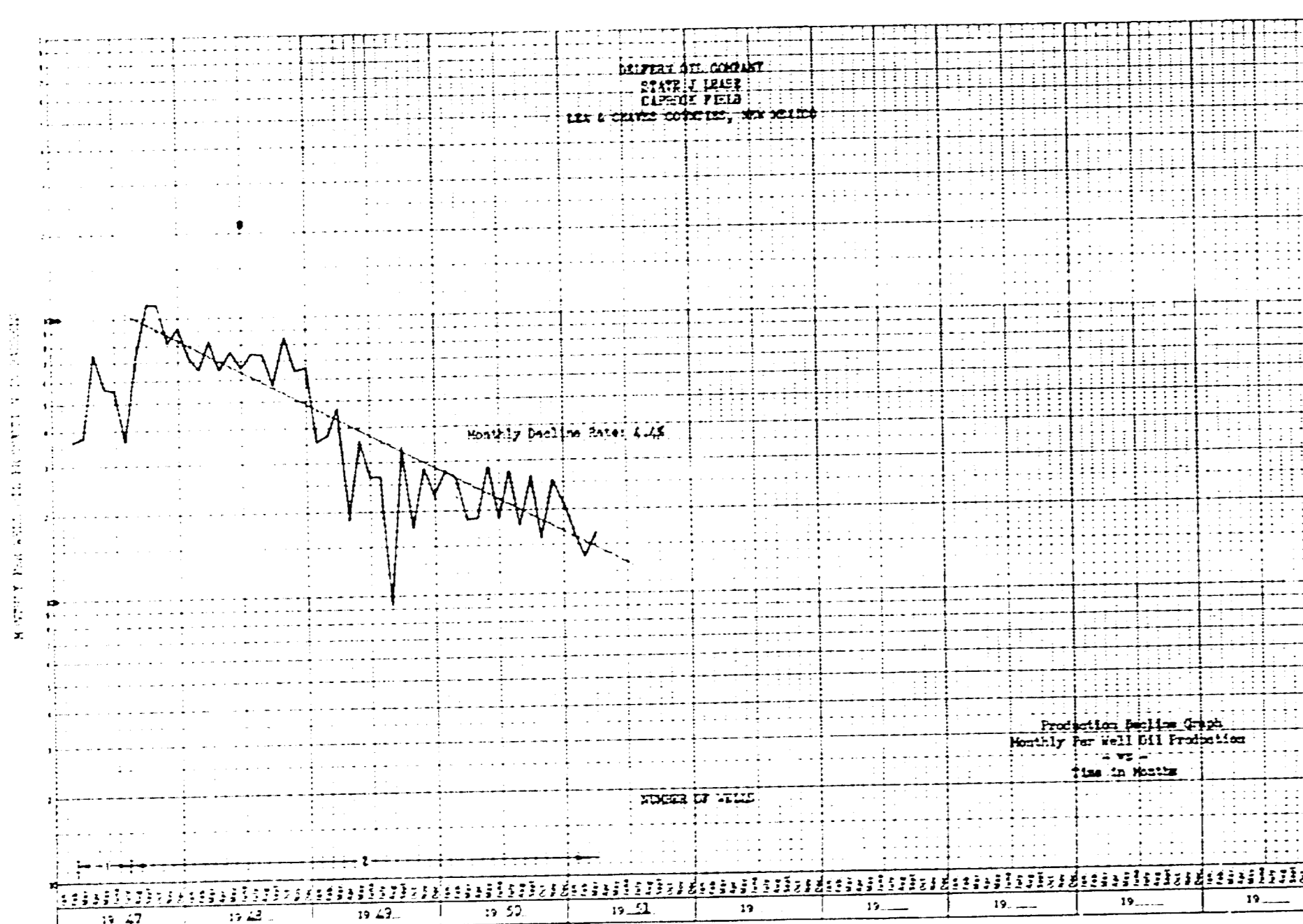
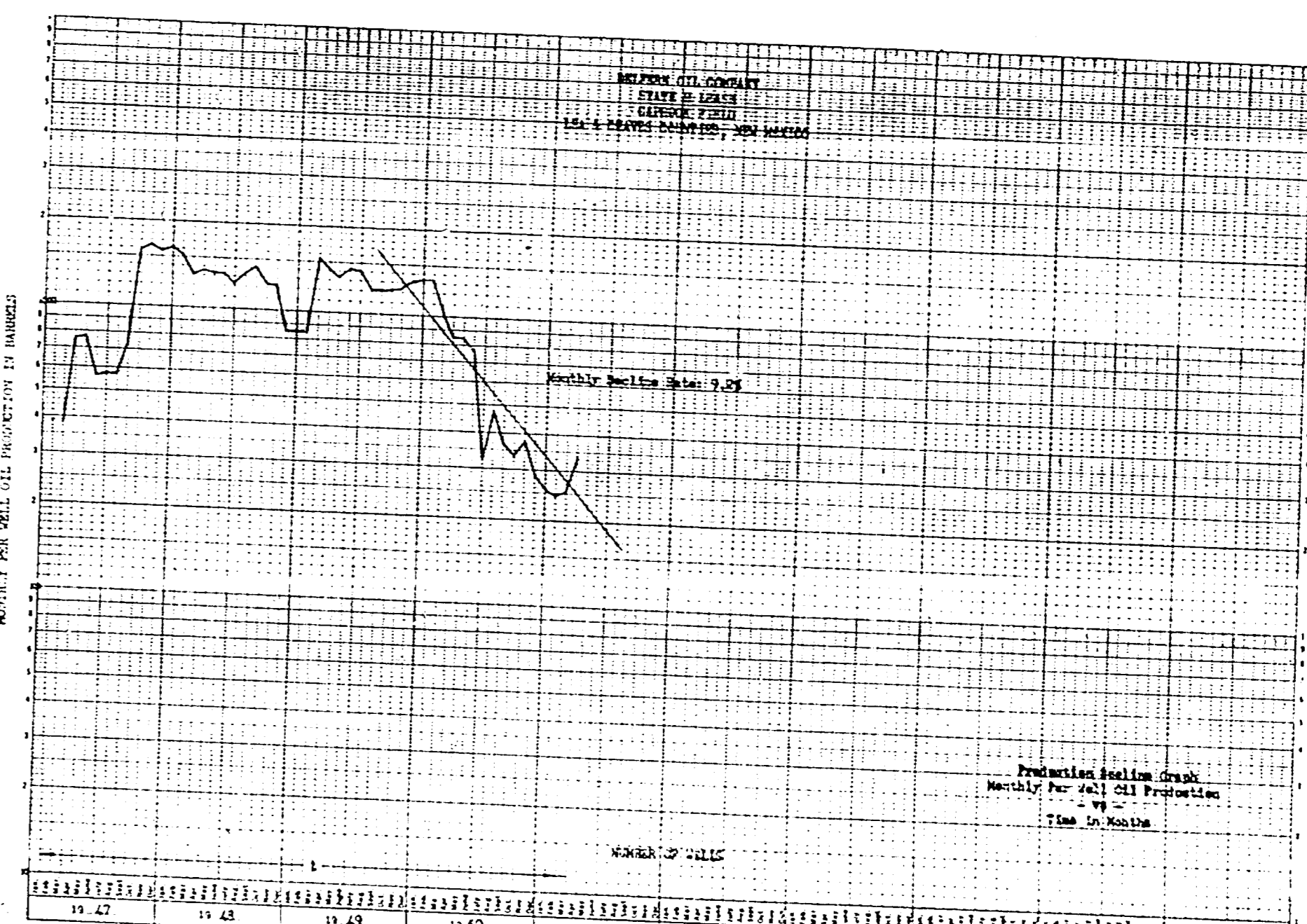
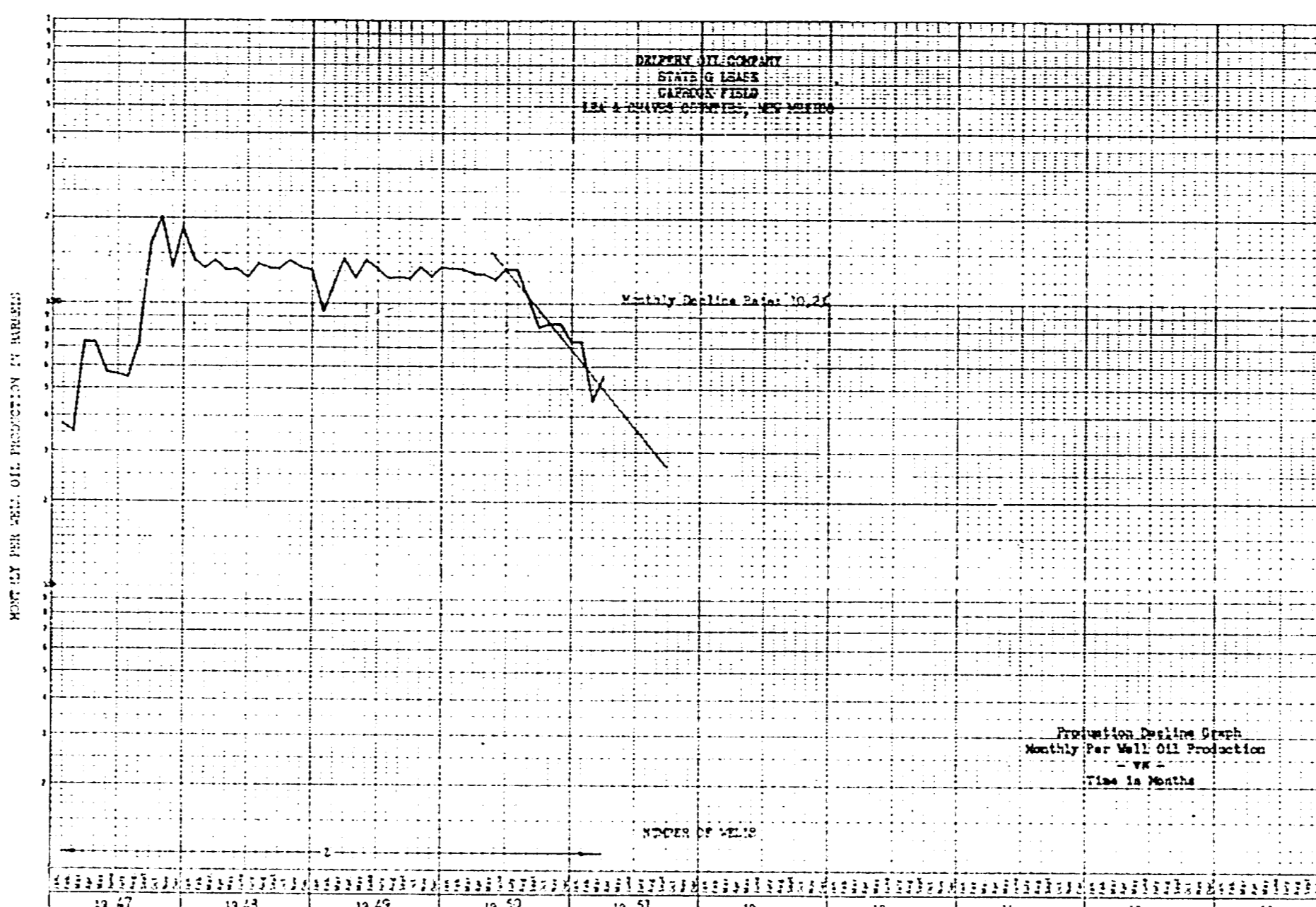
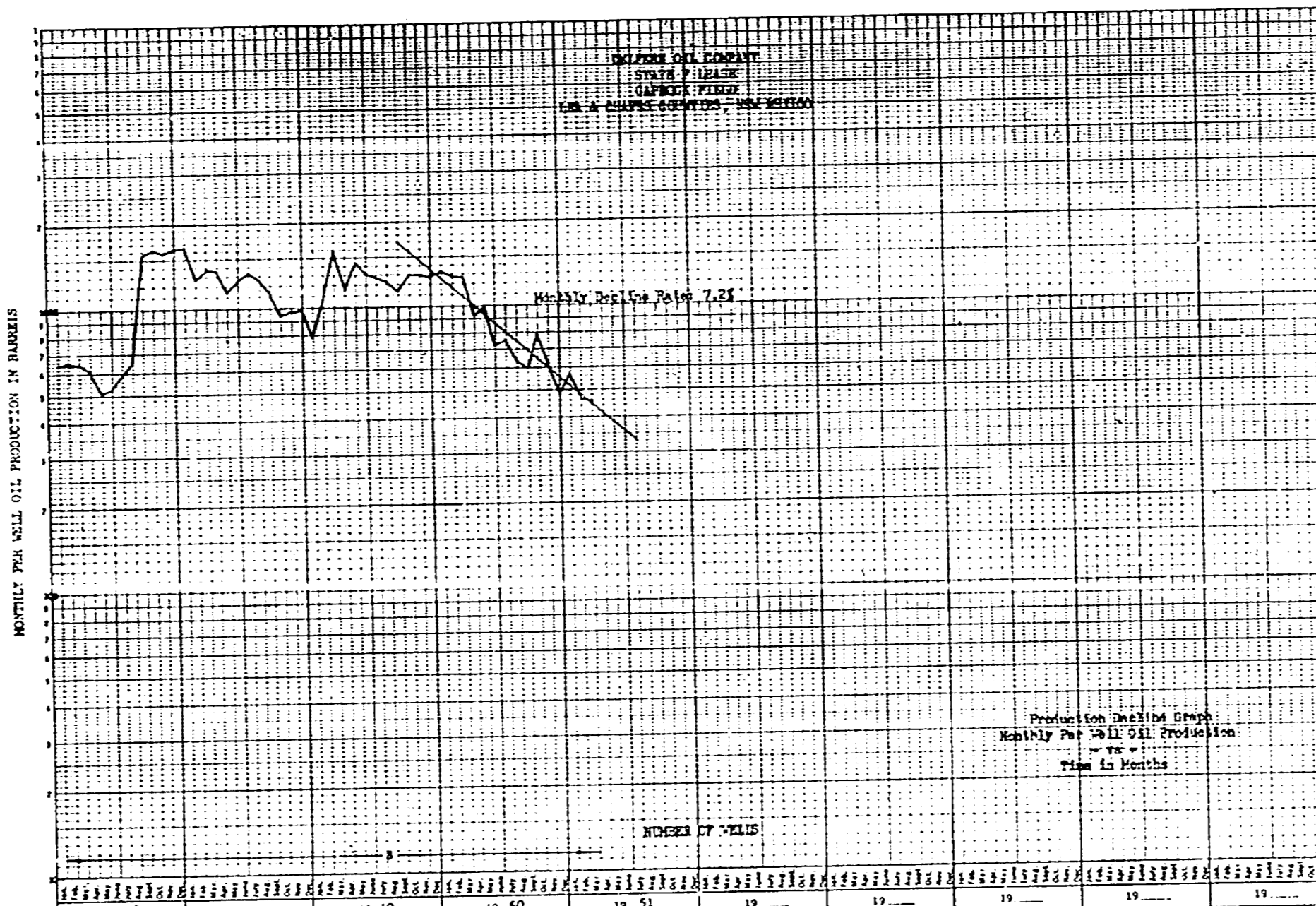
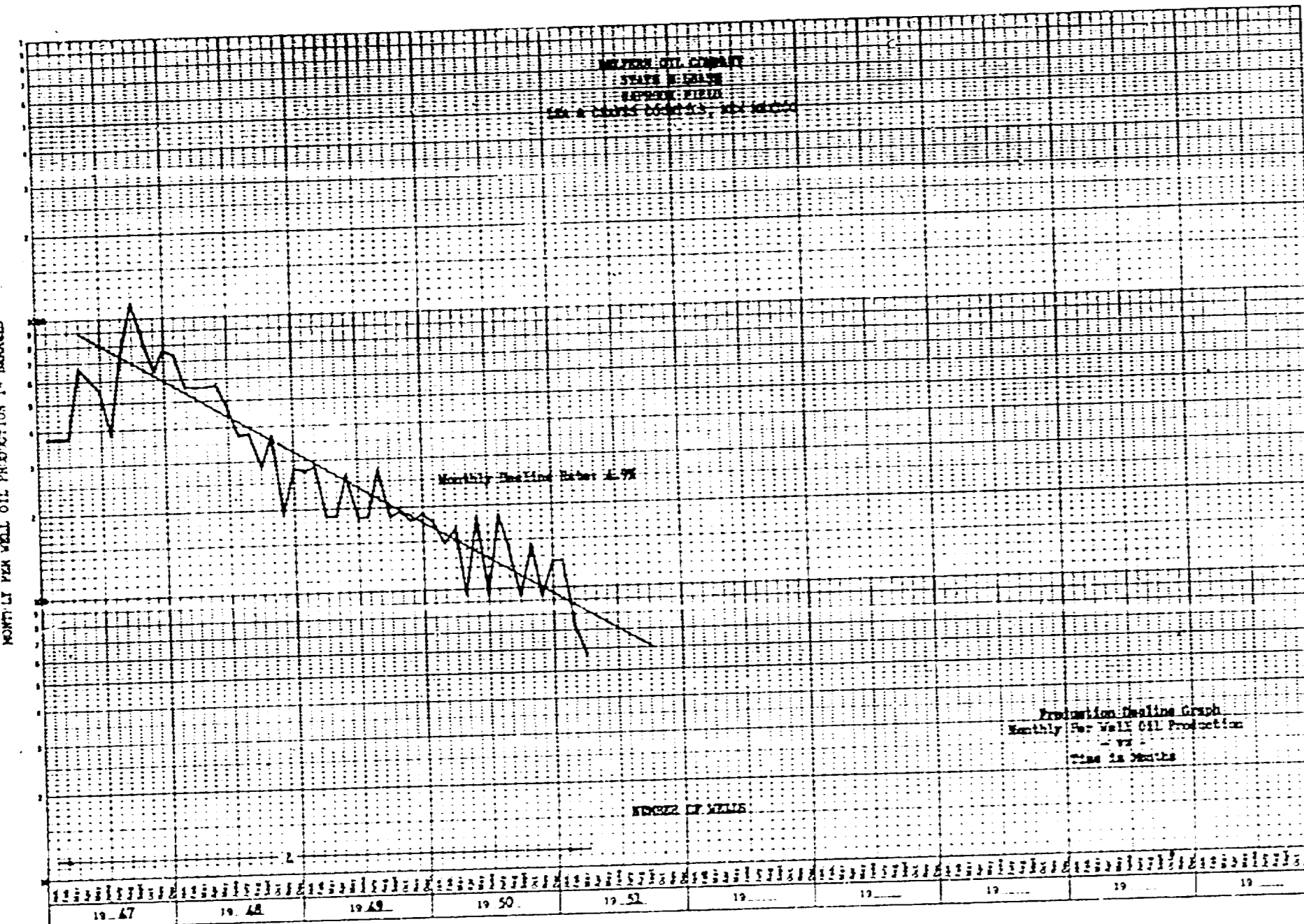
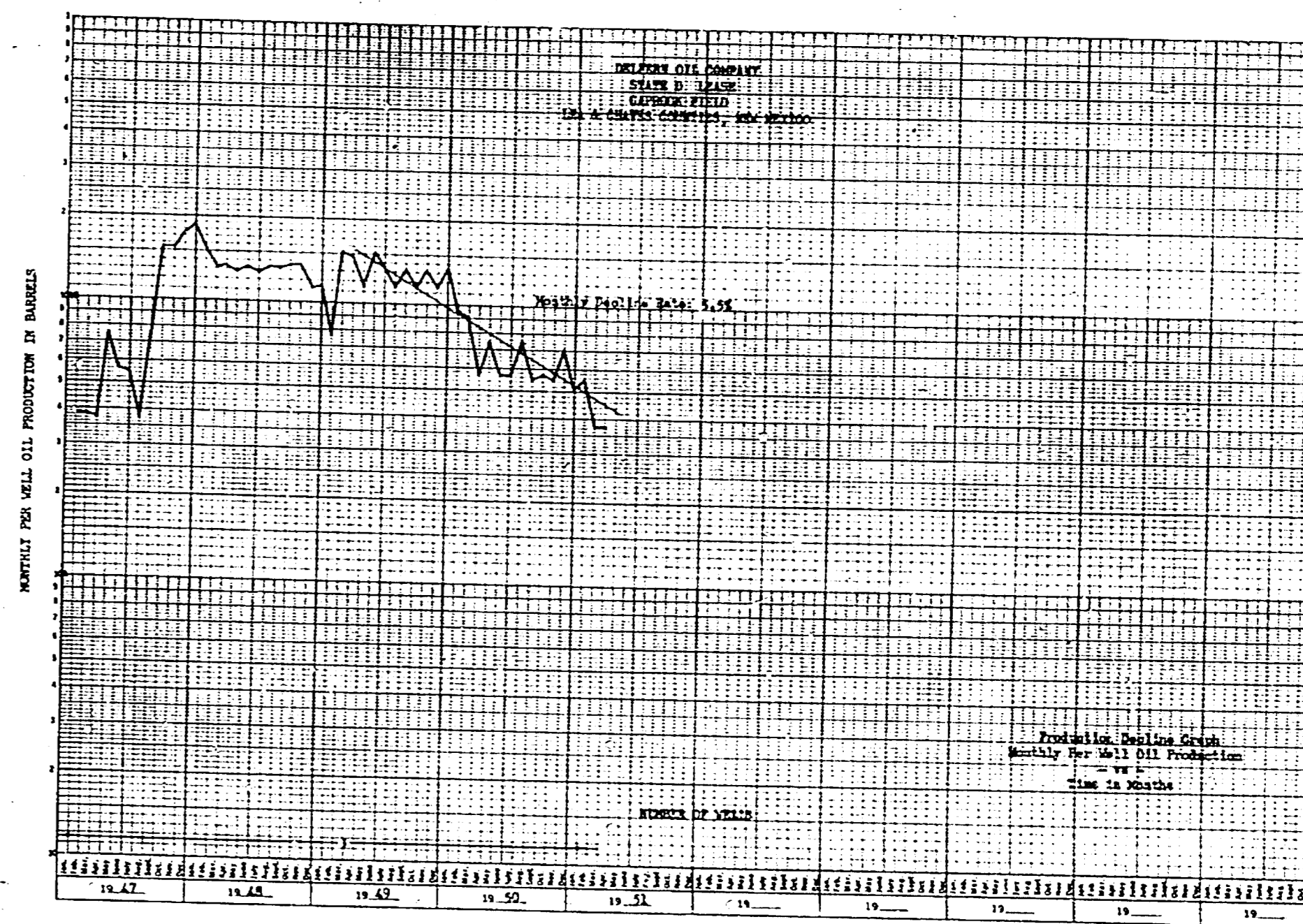
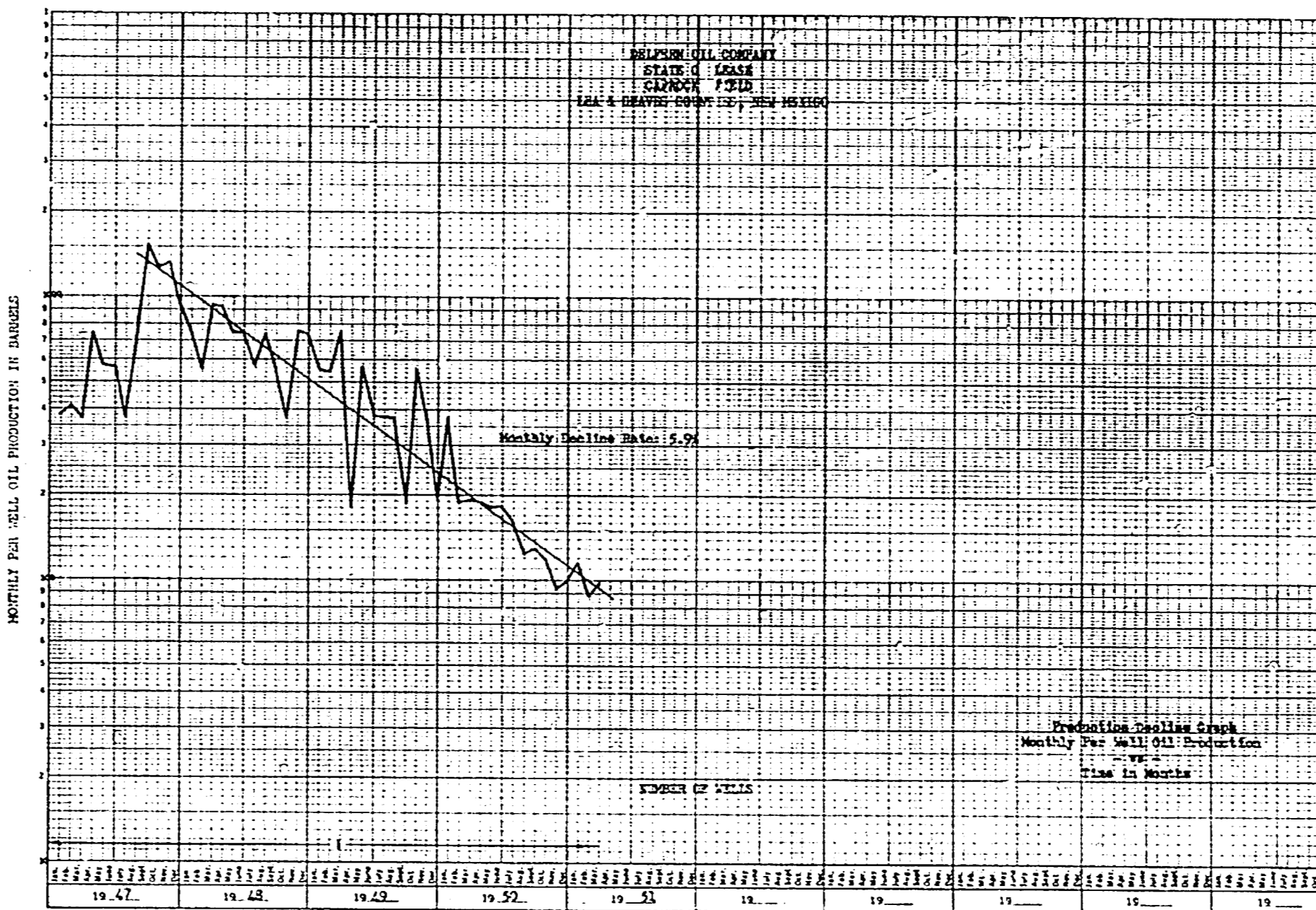
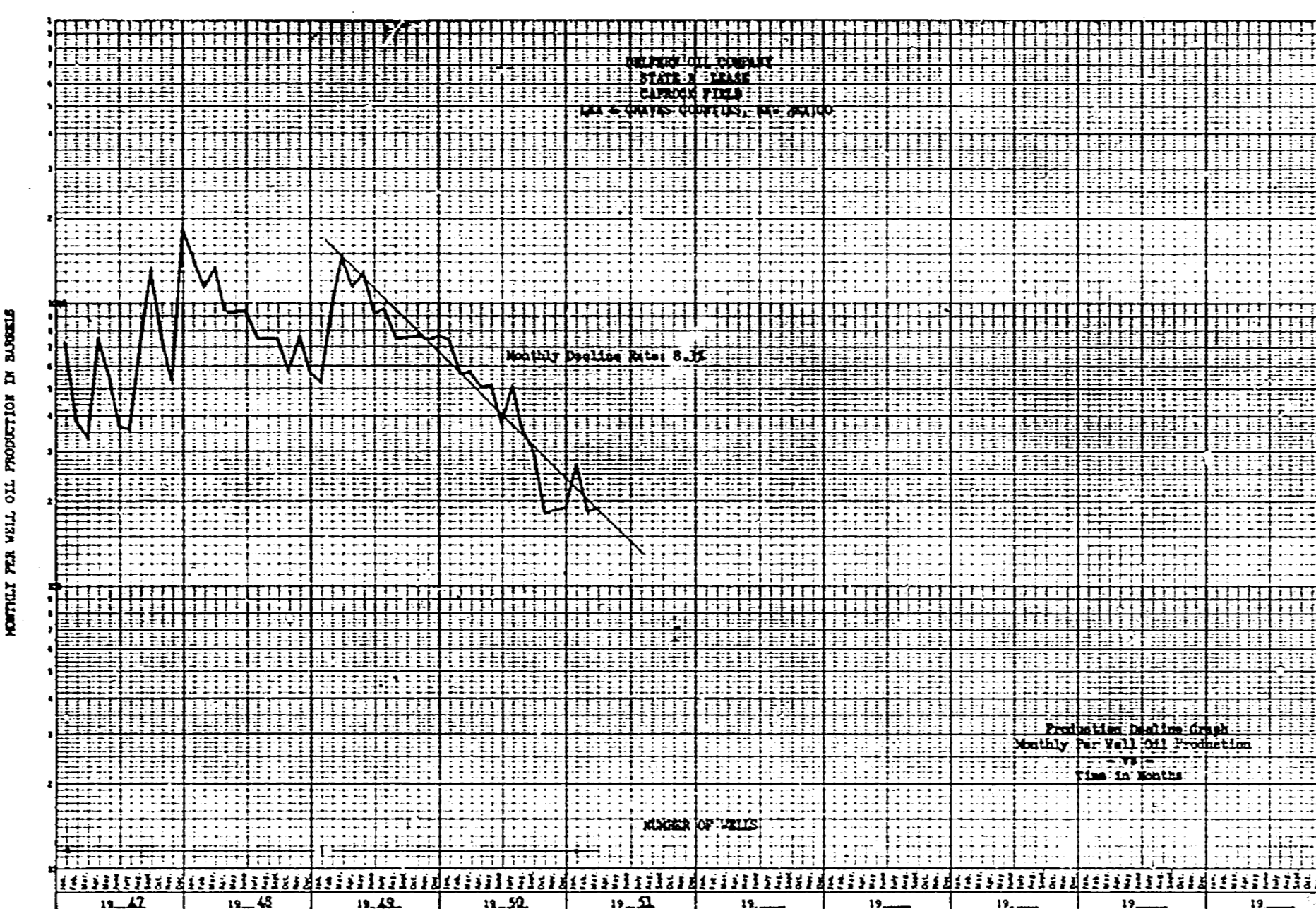
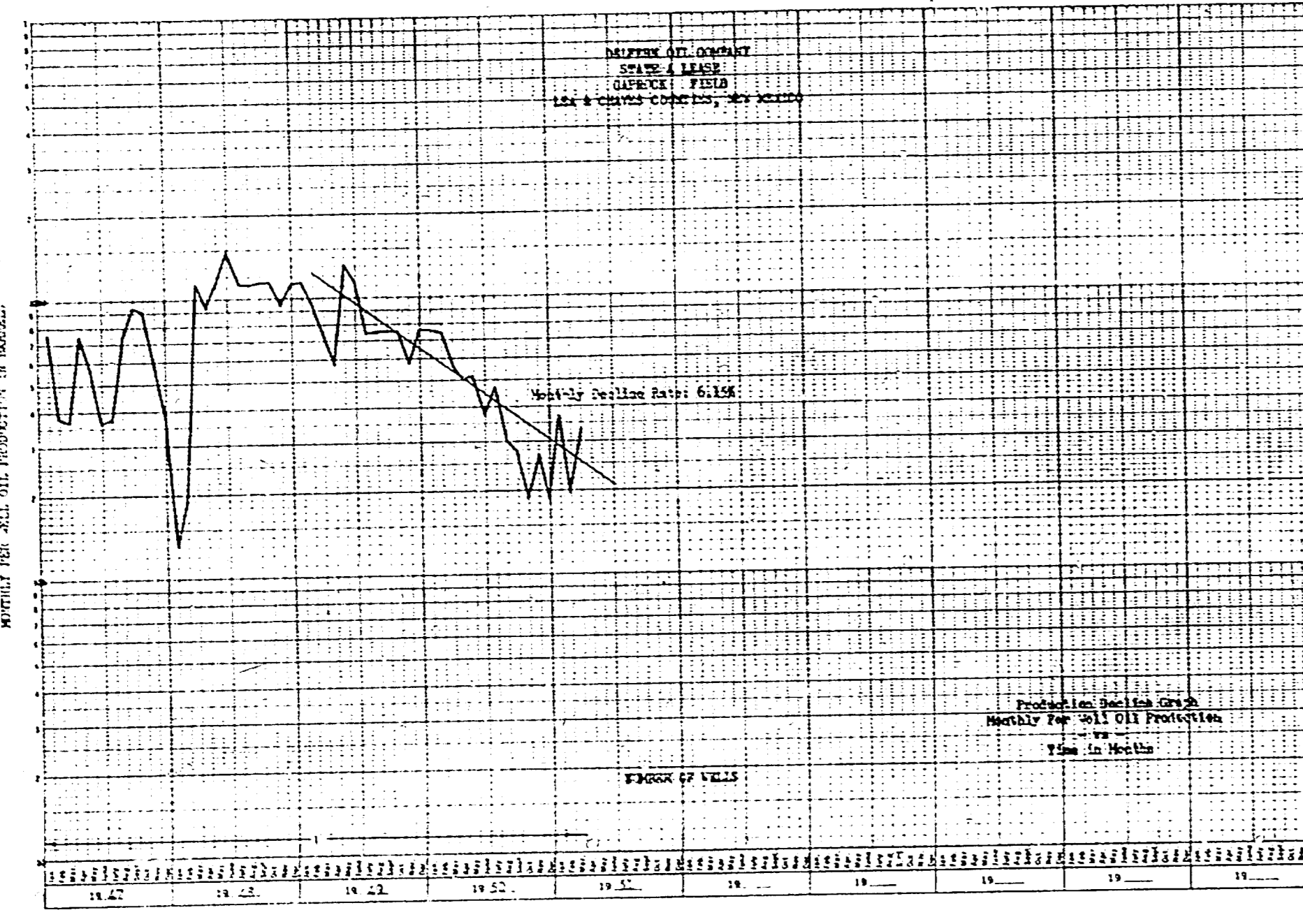
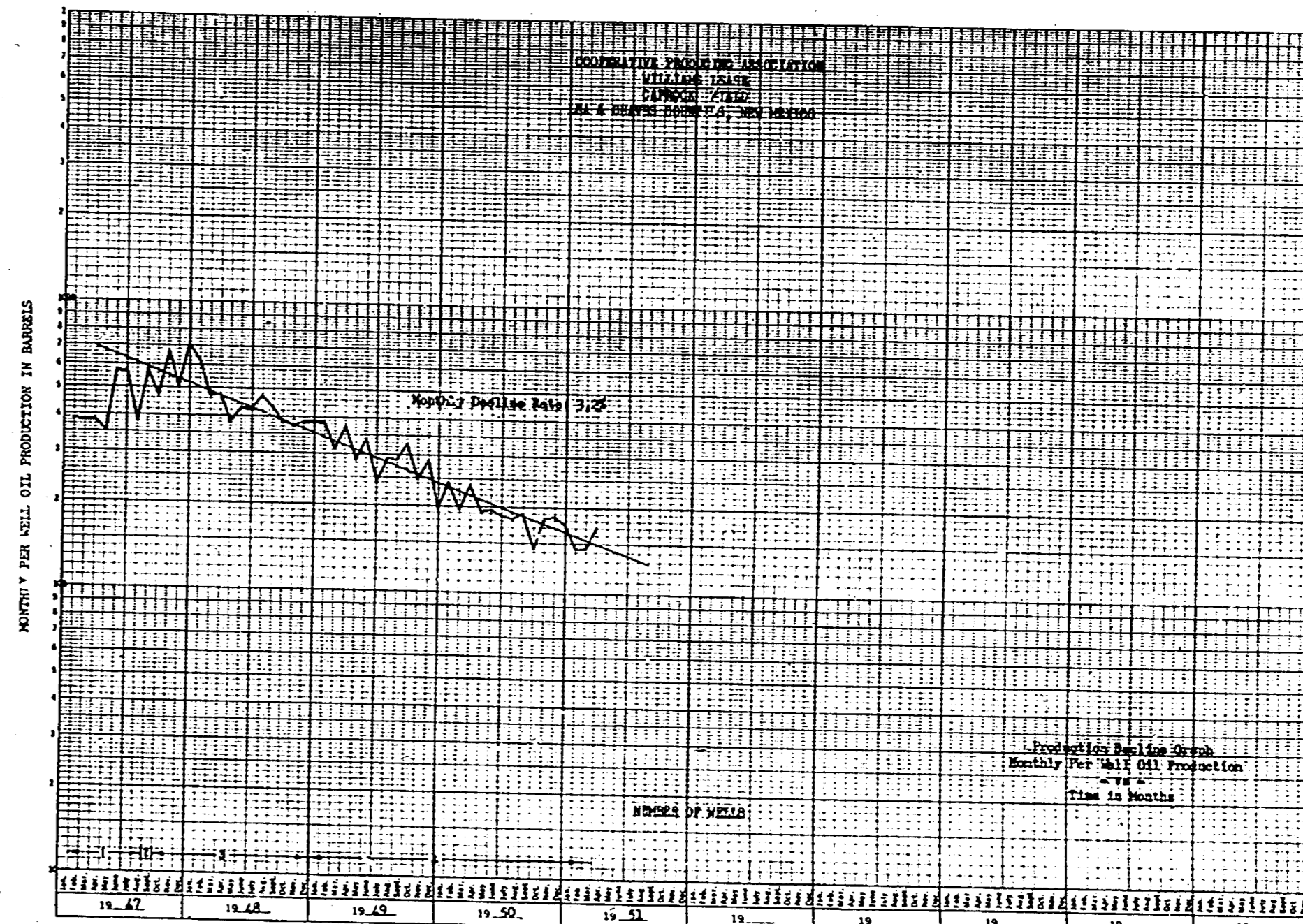
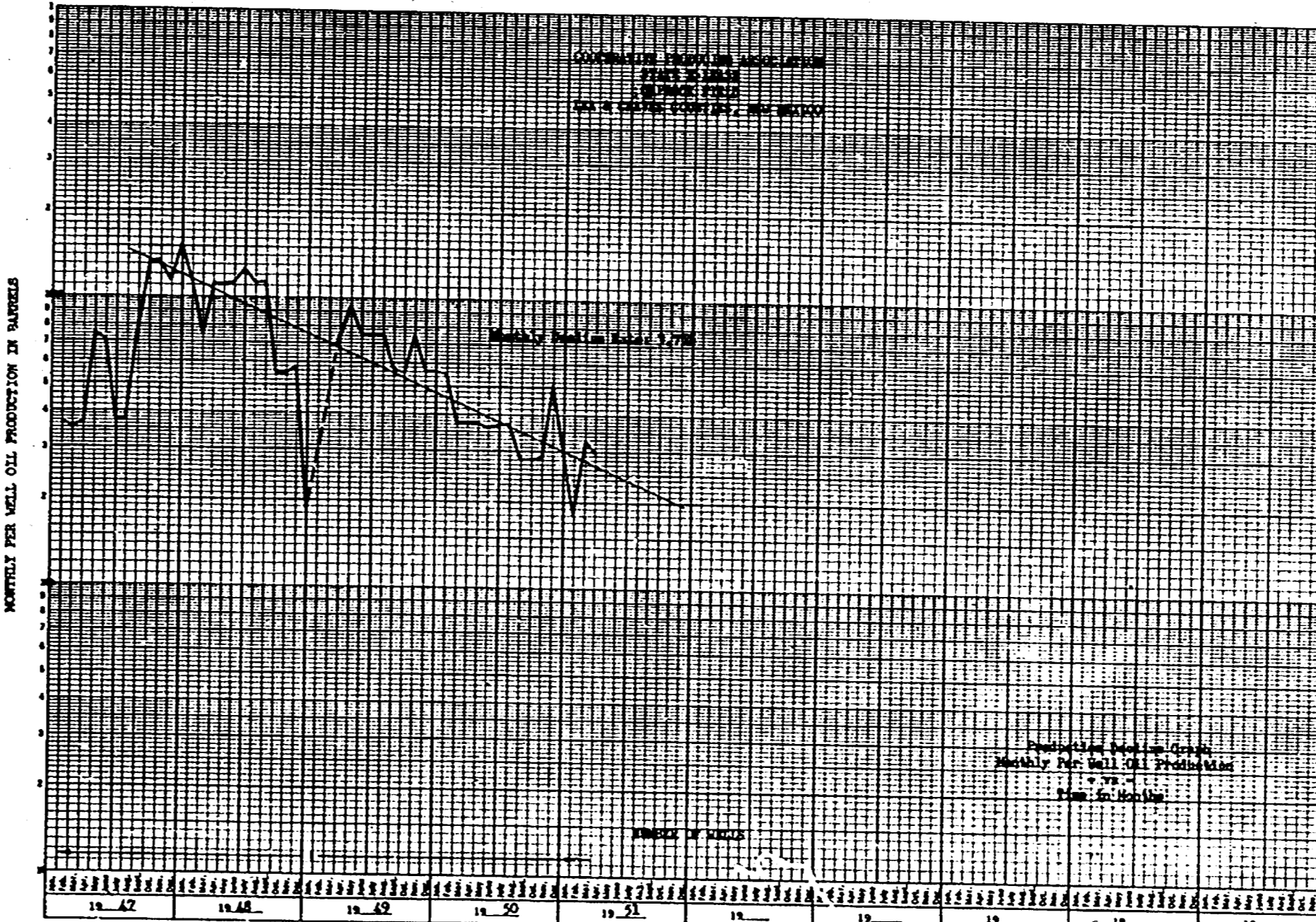
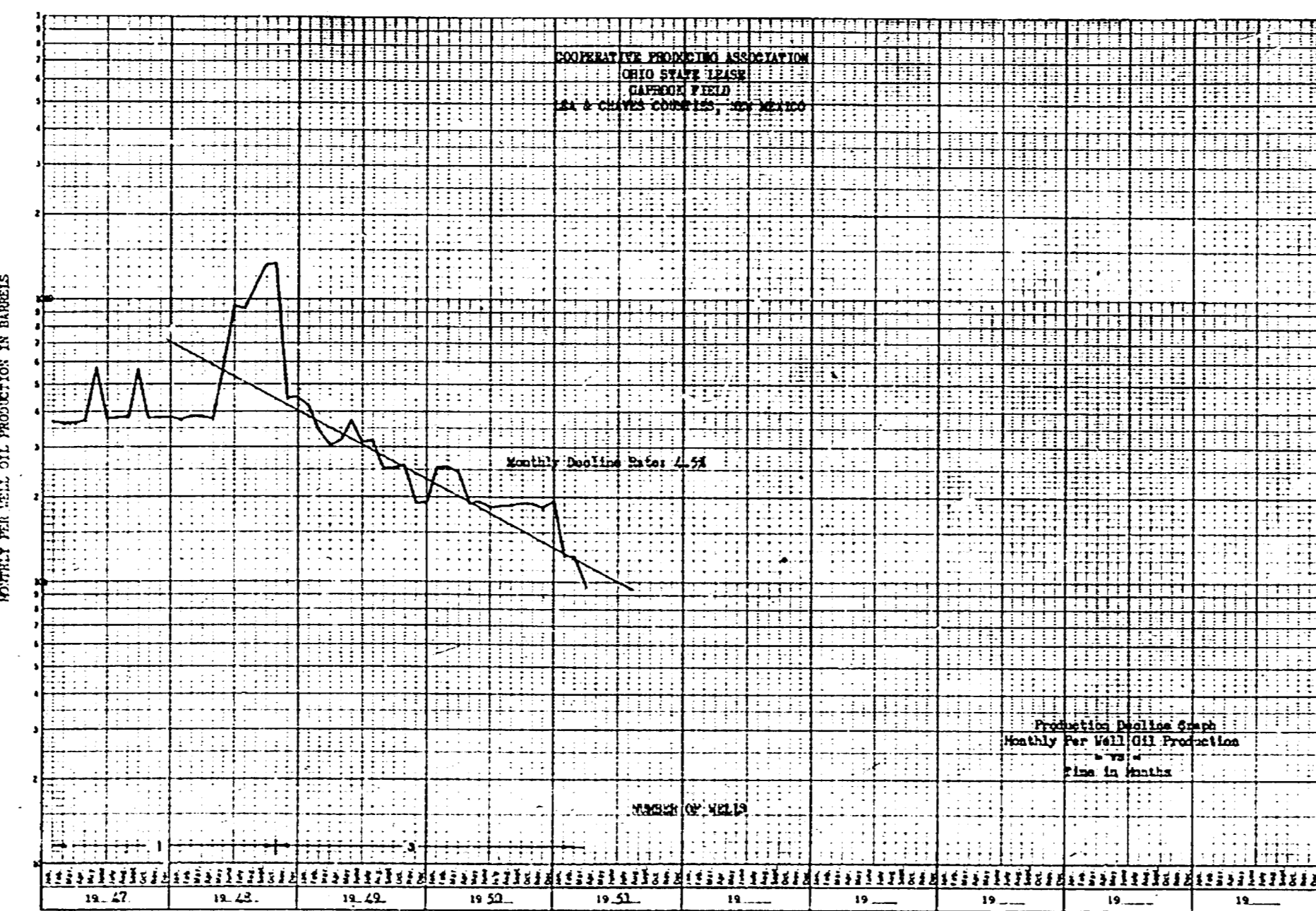
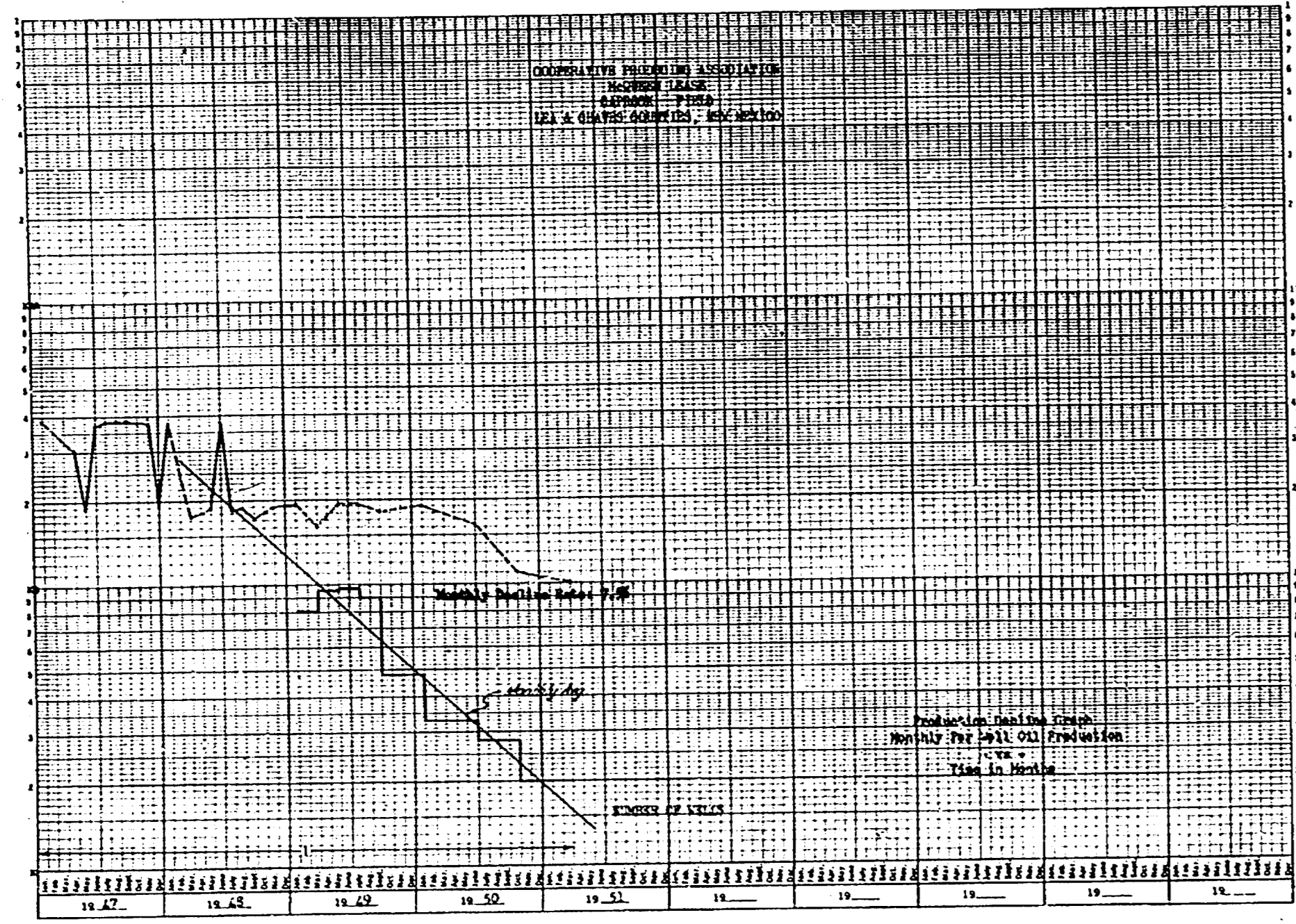
*One well currently cleaning out to complete
*One well recently abandoned.
*Excludes cumulative oil recovery of non-producing abandoned leases.
*Gross royalty recovery of estimated ultimate oil recovery by primary means

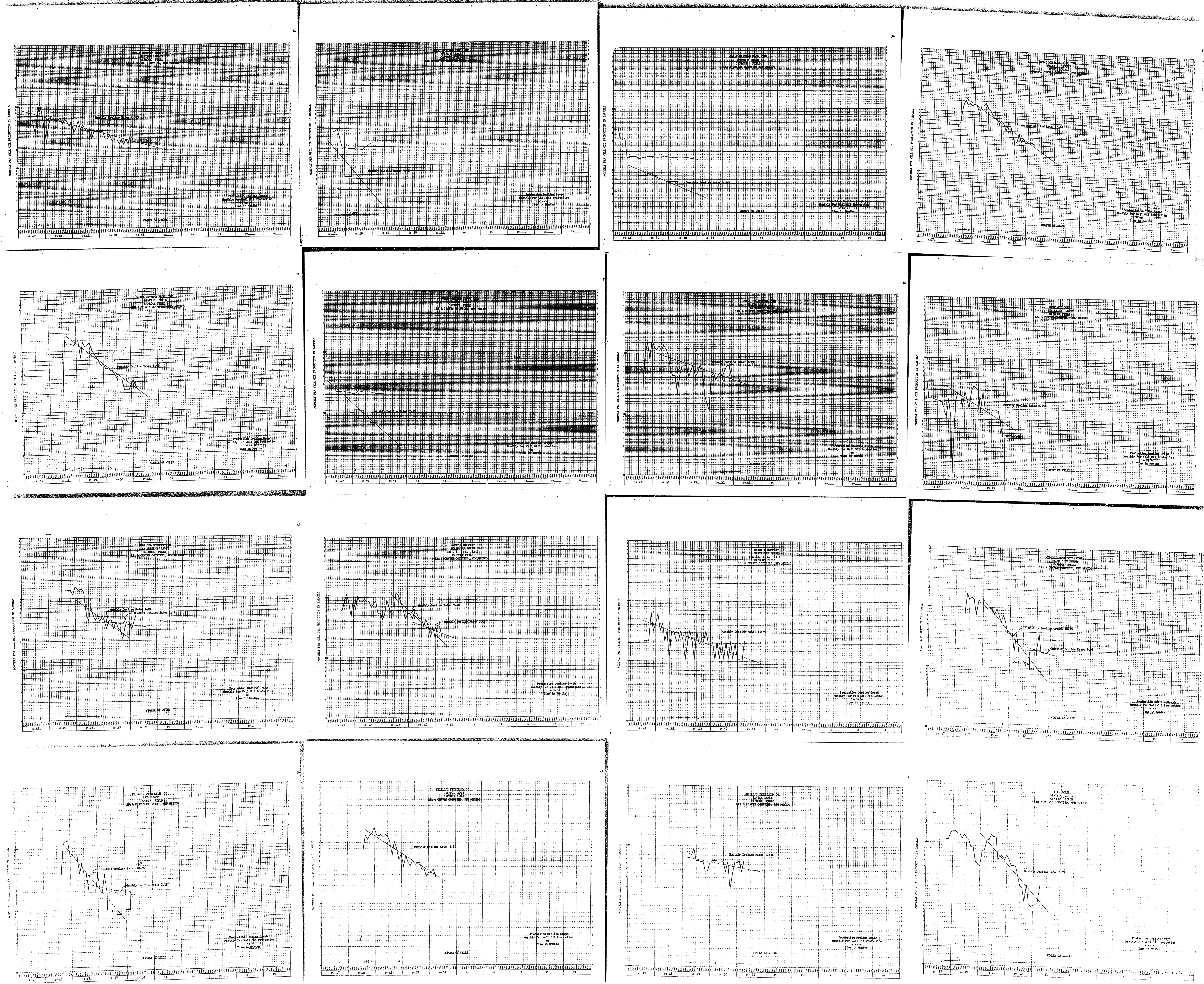
DETAILED OIL PRODUCTION ANALYSIS
LEA AND GRAVES COUNTIES, WYOMING

Operator and Lease	No. Wells	Monthly Production (Barrels)	Per Well Production (Barrels)	Est. Ult. Oil Rec. (Barrels)	Est. Ult. Oil Rec. (Acres)	Est. Ult. Oil Rec. (CWT)
British-American Oil Prod. State						
State #1	2	2,35	300	14,222	28,444	56,347
State #2	2	1,9	407	21,217	42,434	84,868
TOTAL	4	4,25	707	35,439	70,878	141,715
Cities Service Oil Co.						
State #1	3	1,1	211	10,555	21,110	42,220
State #2	3	1,1	211	10,555	21,110	42,220
TOTAL	6	2,2	422	21,110	42,220	84,440
Cooperative Prod. Assn.						
State #1	1	7,4	74	1,054	10,540	21,080
State #2	1	7,4	74	1,054	10,540	21,080
State #3	1	7,4	74	1,054	10,540	21,080
State #4	1	7,4	74	1,054	10,540	21,080
State #5	1	7,4	74	1,054	10,540	21,080
State #6	1	7,4	74	1,054	10,540	21,080
State #7	1	7,4	74	1,054	10,540	21,080
State #8	1	7,4	74	1,054	10,540	21,080
State #9	1	7,4	74	1,054	10,540	21,080
State #10	1	7,4	74	1,054	10,540	21,080
State #11	1	7,4	74	1,054	10,540	21,080
State #12	1	7,4	74	1,054	10,540	21,080
State #13	1	7,4	74	1,054	10,540	21,080
State #14	1	7,4	74	1,054	10,540	21,080
State #15	1	7,4	74	1,054	10,540	21,080
State #16	1	7,4	74	1,054	10,540	21,080
State #17	1	7,4	74	1,054	10,540	21,080
State #18	1	7,4	74	1,054	10,540	21,080
State #19	1	7,4	74	1,054	10,540	21,080
State #20	1	7,4	74	1,054	10,540	21,080
State #21	1	7,4	74	1,054	10,540	21,080
State #22	1	7,4	74	1,054	10,540	21,080
State #23	1	7,4	74	1,054	10,540	21,080
State #24	1	7,4	74	1,054	10,540	21,080
State #25	1	7,4	74	1,054	10,540	21,080
State #26	1	7,4	74	1,054	10,540	21,080
State #27	1	7,4	74	1,054	10,540	21,080
State #28	1	7,4	74	1,054	10,540	21,080
State #29	1	7,4	74	1,054	10,540	21,080
State #30	1	7,4	74	1,054	10,540	21,080
State #31	1	7,4	74	1,054	10,540	21,080
State #32	1	7,4	74	1,054	10,540	21,080
State #33	1	7,4	74	1,054	10,540	21,080
State #34	1	7,4	74	1,054	10,540	21,080
State #35	1	7,4	74	1,054	10,540	21,080
State #36	1	7,4	74	1,054	10,540	21,080
State #37	1	7,4	74	1,054	10,540	21,080
State #38	1	7,4	74	1,054	10,540	21,080
State #39	1	7,4	74	1,054	10,540	21,080
State #40	1	7,4	74	1,054	10,540	21,080
State #41	1	7,4	74	1,054	10,540	21,080
State #42	1	7,4	74	1,054	10,540	21,080
State #43	1	7,4	74	1,054	10,540	21,080
State #44	1	7,4	74	1,054	10,540	21,080
State #45	1	7,4	74	1,054	10,540	21,080
State #46	1	7,4	74	1,054	10,540	21,080
State #47	1	7,4	74	1,054	10,540	21,080
State #48	1	7,4	74	1,054	10,540	21,080
State #49	1	7,4	74	1,054	10,540	21,080
State #50	1	7,4	74	1,054	10,540	21,080
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State #60	1	7,4	74	1,054	10,540	21,080
State #61	1	7,4	74	1,054	10,540	21,080
State #62	1	7,4	74	1,054	10,540	21,080
State #63	1	7,4	74	1,054	10,540	21,080
State #64	1	7,4	74	1,054	10,540	21,080
State #65	1	7,4	74	1,054	10,540	21,080
State #66	1	7,4	74	1,054	10,540	21,080
State #67	1	7,4	74	1,054	10,540	21,080
State #68	1	7,4	74	1,054	10,540	21,080
State #69	1	7,4	74	1,054	10,540	21,080
State #70	1	7,4	74	1,054	10,540	21,080
State #71	1	7,4	74	1,054	10,540	21,080
State #72	1	7,4	74	1,054	10,540	21,080
State #73	1	7,4	74	1,054	10,540	21,080
State #74	1	7,4	74	1,054	10,540	21,080
State #75	1	7,4	74	1,054	10,540	21,080
State #76	1	7,4	74	1,054	10,540	21,080
State #77	1	7,4	74	1,054	10,540	21,080
State #78	1	7,4	74	1,054	10,540	21,080
State #79	1	7,4	74	1,054	10,540	21,080
State #80	1	7,4	74	1,054	10,540	21,080
State #81	1	7,4	74	1,054	10,540	21,080
State #82	1	7,4	74	1,054	10,540	21,080
State #83	1	7,4	74	1,054	10,540	21,080
State #84	1	7,4	74	1,054	10,540	21,080
State #85	1	7,4	74	1,054	10,540	21,080
State #86	1	7,4	74	1,054	10,540	21,080
State #87	1	7,4	74	1,054	10,540	21,080
State #88	1	7,4	74	1,054	10,540	21,080
State #89	1	7,4	74	1,054	10,540	21,080
State #90	1	7,4	74	1,054	10,540	21,080
State #91	1	7,4	74	1,054	10,540	21,080
State #92	1	7,4	74	1,054	10,540	21,080
State #93	1	7,4	74	1,054	10,540	21,080
State #94	1	7,4	74	1,054	10,540	21,080
State #95	1	7,4	74	1,054	10,540	21,080
State #96	1	7,4	74	1,054	10,540	21,080
State #97	1	7,4	74	1,054	10,540	21,080
State #98	1	7,4	74	1,054	10,540	21,080
State #99	1	7,4	74	1,054	10,540	21,080
State #100	1	7,4	74	1,054	10,540	21,080

DETAILED OIL PRODUCTION ANALYSIS
LEA AND GRAVES COUNTIES, WYOMING

Operator and Lease	No. Wells	Monthly Production (Barrels)	Per Well Production (Barrels)	Est. Ult. Oil Rec. (Barrels)	Est. Ult. Oil Rec. (Acres)	Est. Ult. Oil Rec. (CWT)
DeLorm Oil Co.						
State #1	1	1,45	145	2,030	20,300	40,600
State #2	1	1,45	145	2,030	20,300	40,600
State #3	1	1,45	145	2,030	20,300	40,600
State #4	1	1,45	145	2,030	20,300	40,600
State #5	1	1,45	145	2,030	20,300	40,600
State #6	1	1,45	145	2,030	20,300	40,600
State #7	1	1,45	145	2,030	20,300	40,600
State #8	1	1,45	145	2,030	20,300	40,600
State #9	1	1,45	145	2,030	20,300	40,600
State #10	1	1,45	145	2,030	20,300	40,600
State #11	1	1,45	145	2,030	20,300	40,600
State #12	1	1,45	145	2,030	20,300	40,600
State #13	1	1,45	145	2,030	20,300	40,600
State #14	1	1,45	145	2,030	20,300	40,600
State #15	1	1,45	145	2,030	20,300	40,600
State #16	1	1,45	145	2,030	20,300	40,600
State #17	1	1,45	145	2,030	20,300	40,600
State #18	1	1,45	145	2,030	20,300	40,600
State #19	1	1,45	145	2,030	20,300	40,600
State #20	1	1,45	145	2,030	20,300	40,600
State #21	1	1,45	145	2,030	20,300	40,600
State #22	1	1,45	145	2,030	20,300	40,600
State #23	1	1,45	145	2,030	20,300	40,600
State #24	1	1,45	145	2,030	20,300	40,600
State #25	1	1,45	145	2,030	20,300	40,600
State #26	1	1,45	145	2,030	20,300	40,600
State #27	1	1,45	145	2,030	20,300	40,600
State #28	1	1,45	1			





COOPERATIVE PRODUCING ASSOCIATION
LEVELLAND, TEXAS

November 24, 1951

Mailed to all Operators:

Enclosed you will find a report supplementing the report of Fitting, Fitting and Jones and bringing the same down to October, 1951. Pursuant to advice to Mr. Robert B. Fitting, all curves have been brought down to date along with contour maps of the injection area and a discussion of the water injection had at Caprock Field, Cooperative Producing Association's Secondary Recovery Plant on October 25, 1951.

We are hopeful that this information will be of value to you in that we can come to some definite agreement either on a utilization or cooperative operating agreement in the very near future.

We, therefore, are asking for a meeting of all operators at 10:00 A.M., Thursday, December 6, 1951, Hobbs, New Mexico, in the office of the New Mexico Oil and Gas Engineering Committee. We would further request that your representative be vested with sufficient authority to come to some agreement subject to the approval of your company. We feel that sufficient time has elapsed for all necessary study of this proposed program and that an agreement on the division of interest or percentage of participation, the type and kind of operation, and the formation of the management are the only questions not agreed upon.

If we may be of any further help or assistance to you in the meantime, please advise us in detail.

Yours very truly,

COOPERATIVE PRODUCING ASSOCIATION

J. O. Denton, Jr.
J. O. Denton, Jr.

JM/ep

Enc.

1. S. Sandhurst

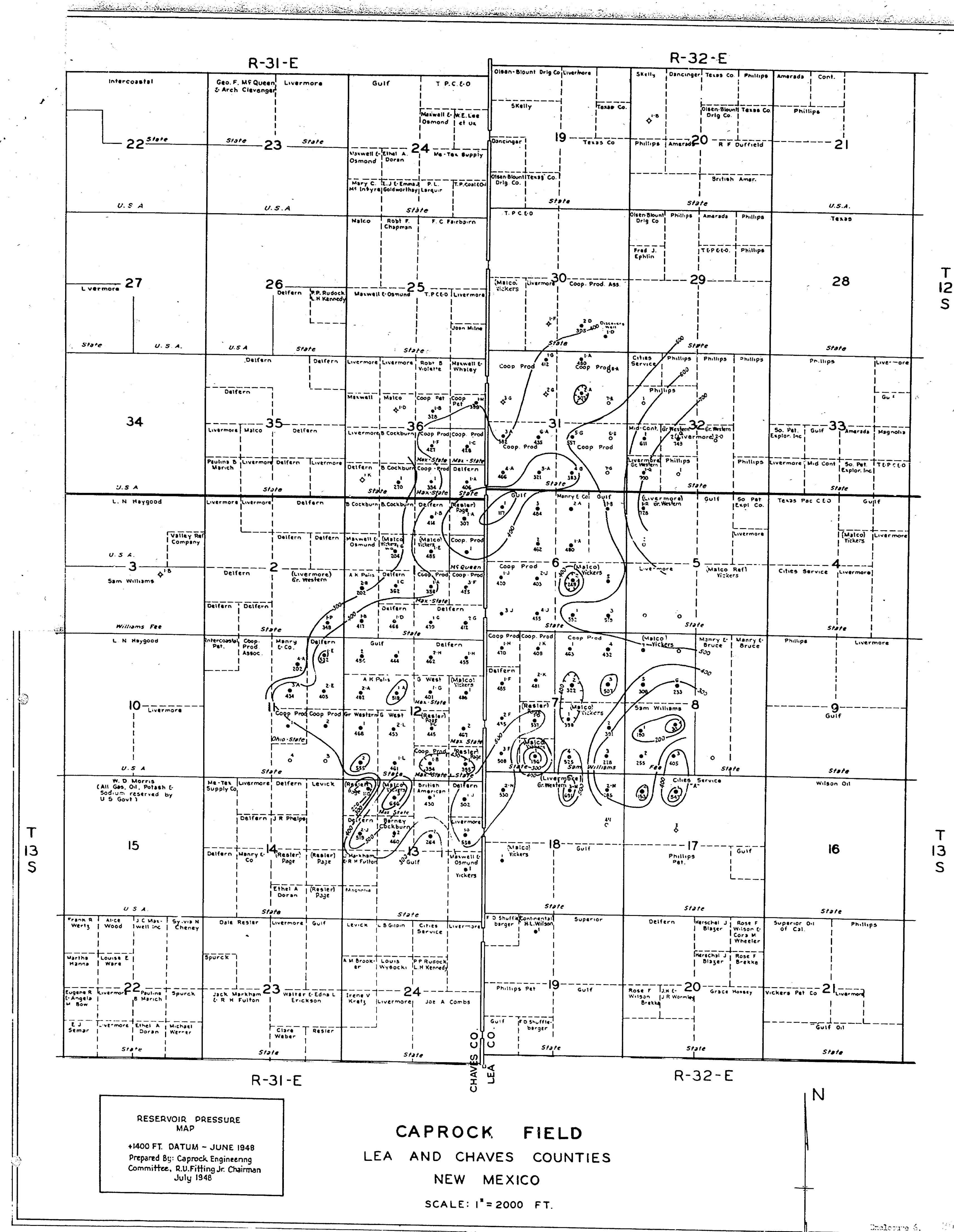
Leonard T. Condon

Glen Staley

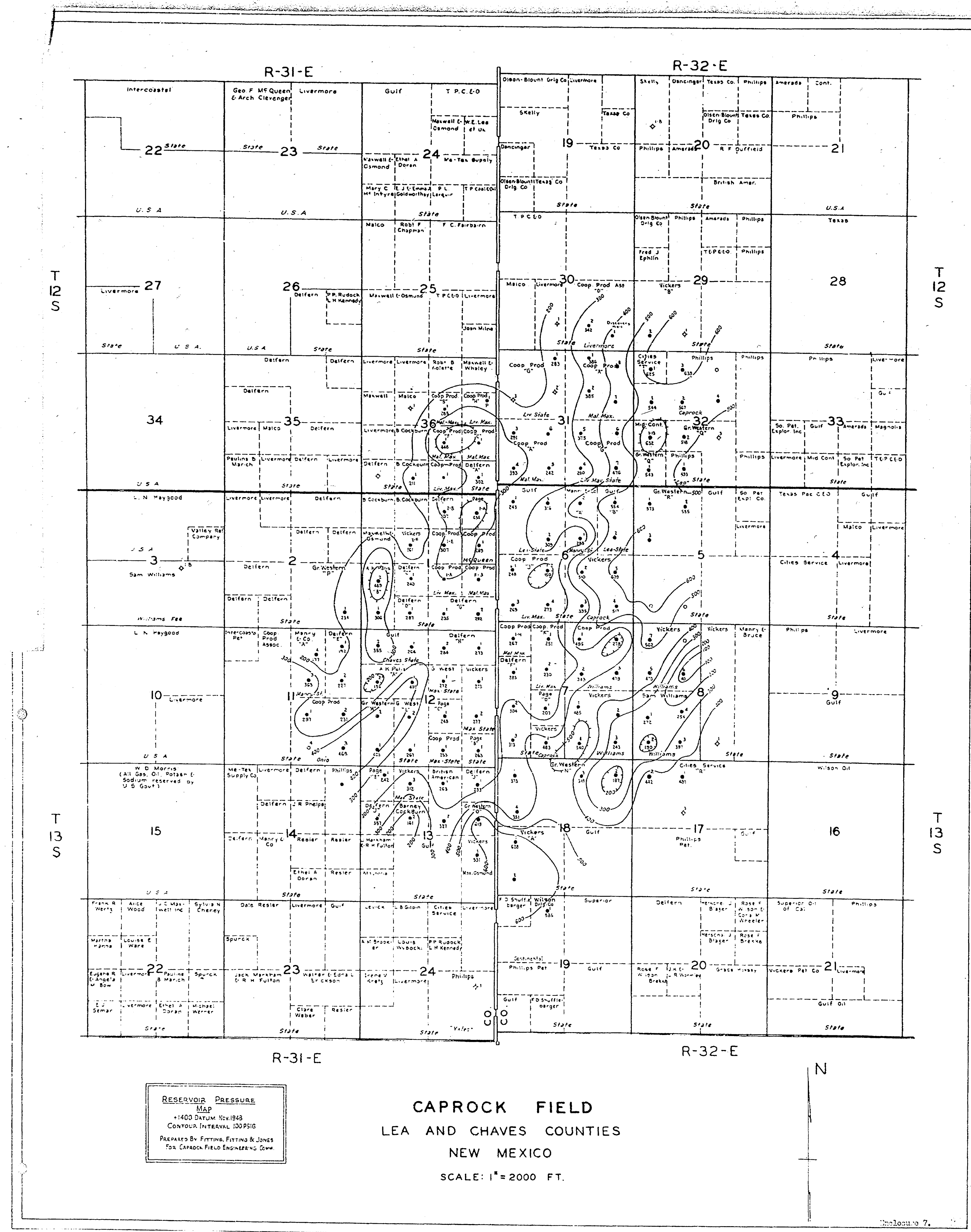
Robert B. Fitting

Paul Holleney

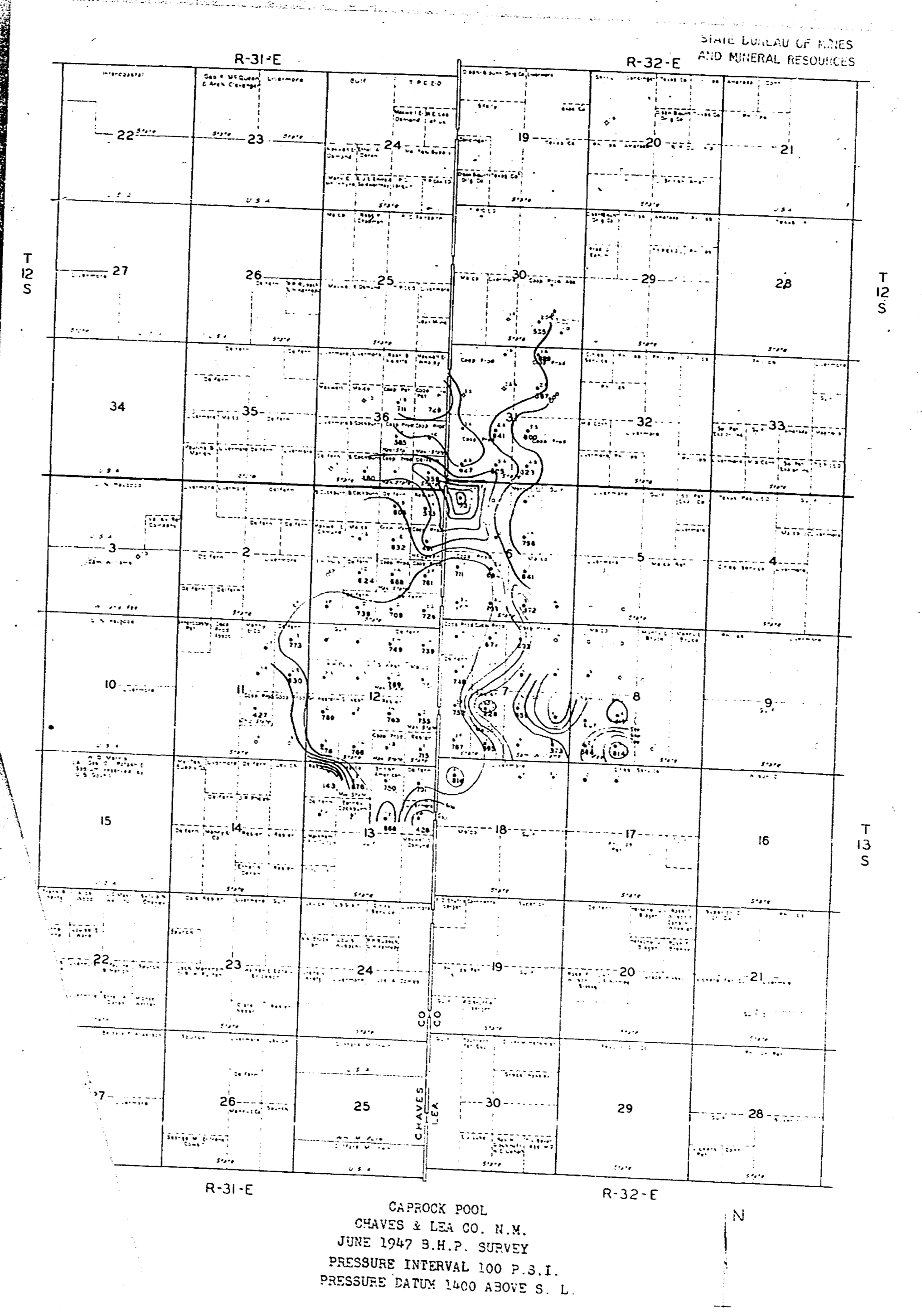
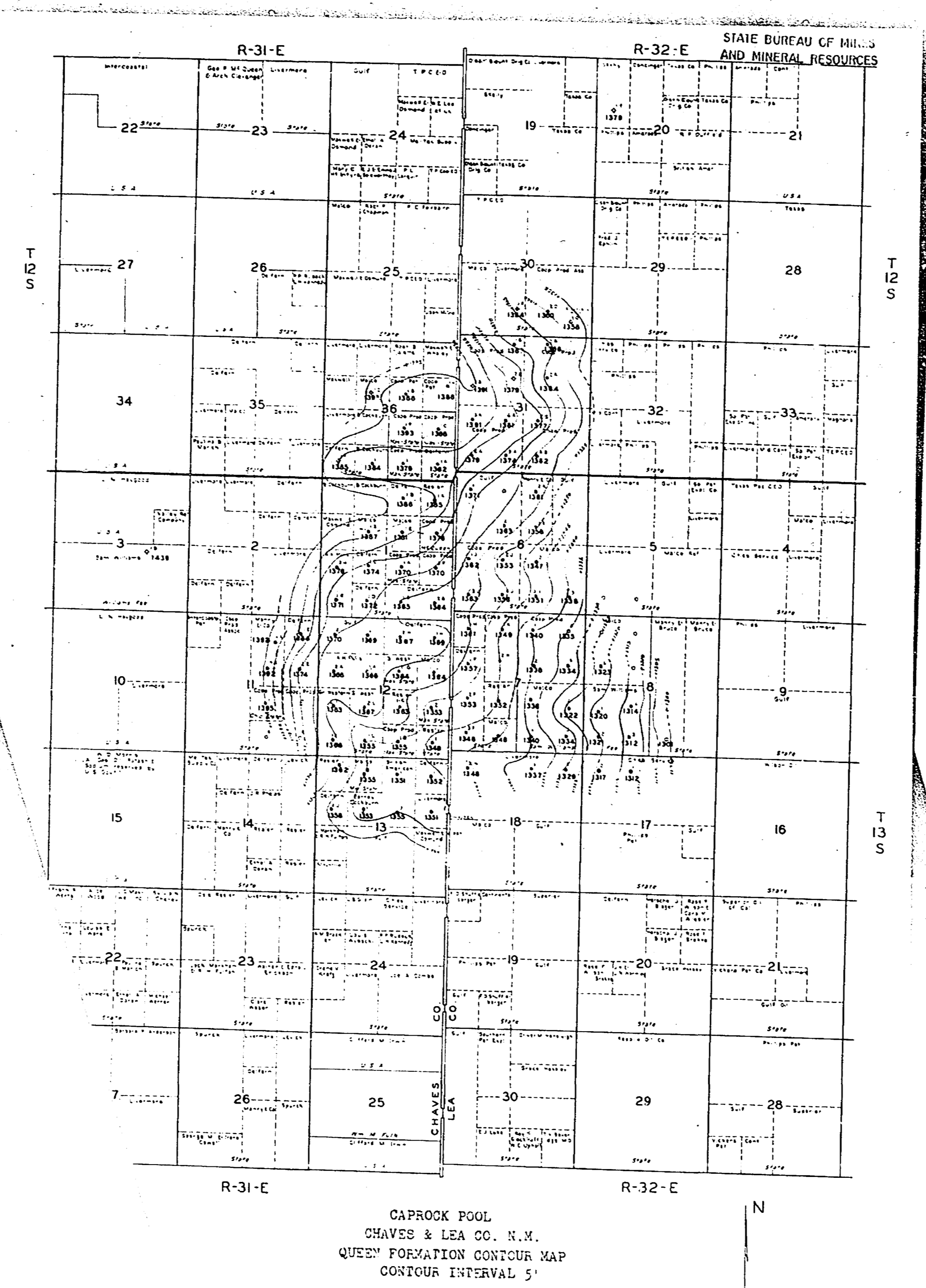
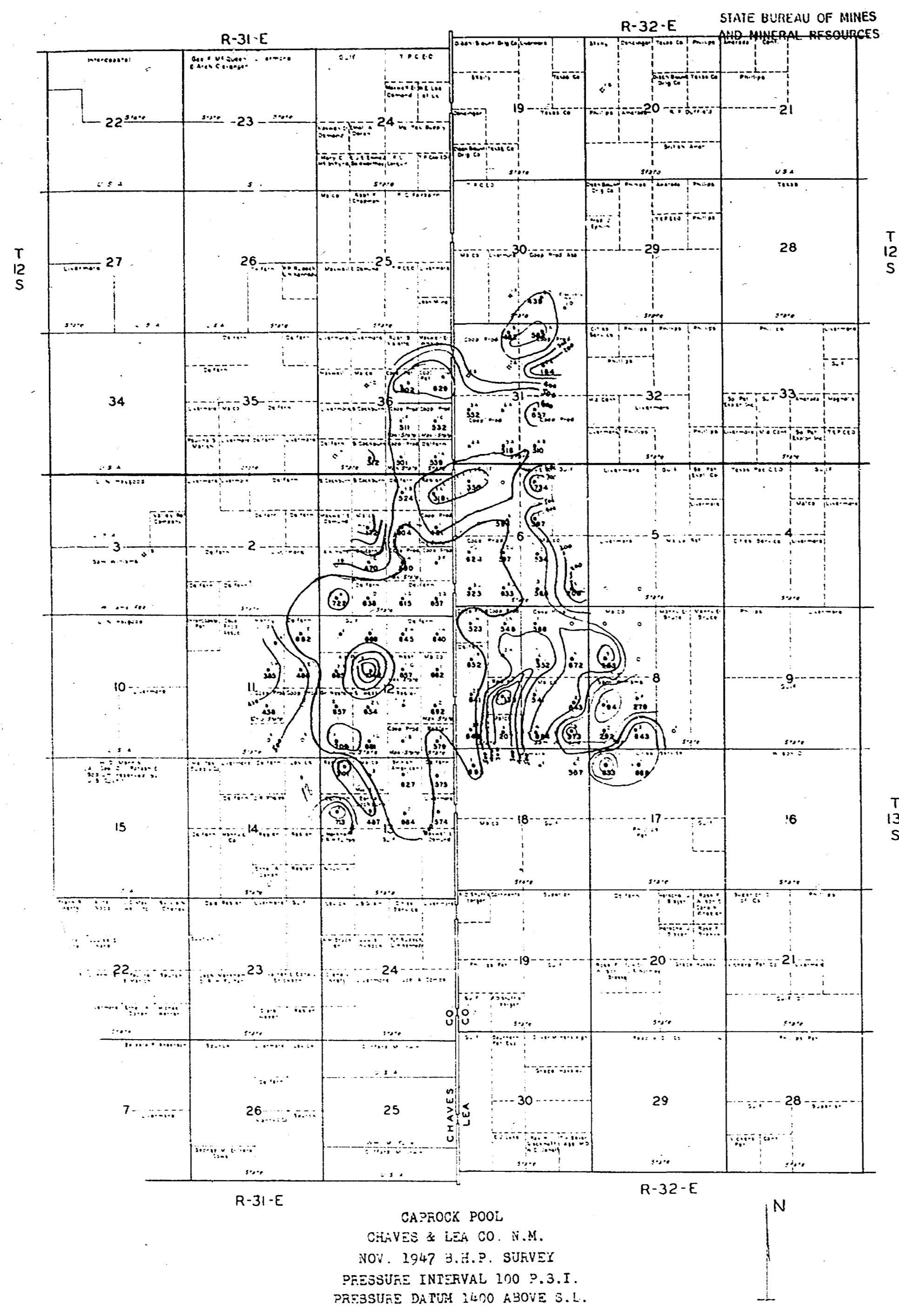
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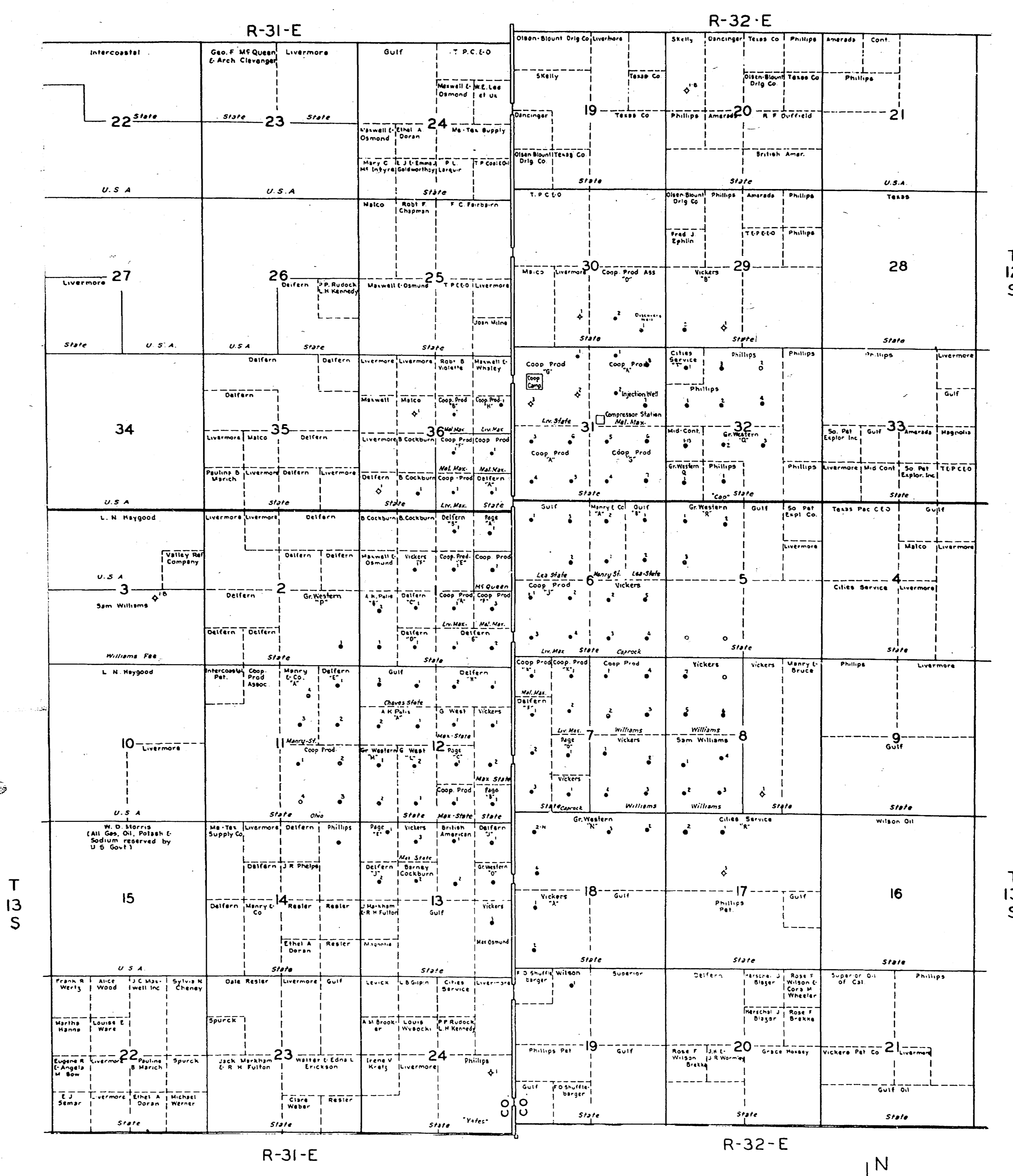


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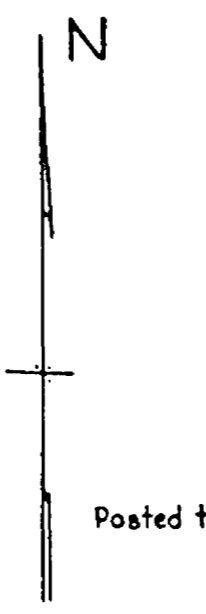


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CAPROCK FIELD
 LEA AND CHAVES COUNTIES
 NEW MEXICO
 SCALE: 1" = 2000 FT.
 PREPARED BY: FITTING, FITTING & JONES



Posted to:

Volume 1, 11

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COOPERATIVE AGREEMENT FOR THE SECONDARY RECOVERY OF THE CAPROCK FIELD, LEA AND CHAVES COUNTIES, NEW MEXICO

THIS AGREEMENT, made and entered into as of the ___ day of _____, 1951, by and between the parties subscribing, ratifying or consenting hereto and herein referred to as the "parties hereto";

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty and other oil or gas interests in the cooperative area subject to this agreement; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as the "Commissioner", is authorized by law (Chapter 88, Session Laws of 1943 and Acts amendatory thereto) to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreements provide for the cooperative or unit operation or development of part or all of any oil or gas pool, field or area; and

WHEREAS, the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission", is authorized by law (Chapter 72, Laws of 1925, and Acts amendatory thereto) to approve this agreement and the conservation provisions thereof; and

WHEREAS, it is the purpose of the parties hereto to effect and put into operation a plan for the secondary recovery of the Caprock Field or pool embracing lands situated in Lea and Chaves Counties, New Mexico, hereinafter more particularly described, and thereby effect a secondary recovery program which will promote the conservation of oil and gas and the prevention of waste, and secure other benefits obtainable through the development and operation of the area subject to this

agreement (which may be referred to as the "Caprock Cooperative Recovering Association") under the terms, conditions and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below defined cooperative area, and agree severally among themselves as follows:

1. COOPERATIVE AREA. The following described land is hereby designated and recognized as constituting the cooperative area:

Twp. 12 S., Rng. 31 E., N.M.P.M. Sec. 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

Twp. 12 S., Rng. 32 E., N.M.P.M. Sec. 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

Twp. 13 S., Rng. 31 E., N.M.P.M. Sec. 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

Twp. 13 S., Rng. 32 E., N.M.P.M. Sec. 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

Containing 11,120 acres, more or less.

Exhibit "A" attached hereto and made a part hereof is a map showing the cooperative area and the boundaries and identity of the respective leases in said area and the present ownership thereof. Exhibit "B" attached hereto and made a part hereof is a schedule showing the percentage and kind of ownership of oil and gas interests in all lands in

the cooperative area, including those which are productive and those which are non-productive. However, nothing herein contained or in said schedule or map shall be construed as a representation by and parties hereto as to the ownership of any interest other than such interest or interests as are shown on said map or schedule as owned by such party.

2. SUBSTANCES AND FORMATIONS COVERED BY AGREEMENT. All oil and gas and other hydrocarbon substances in the "Queen" or "Red" Sand found at a depth of from approximately 3000 to 3200 feet are covered by this agreement and shall be subject to all of the terms and conditions hereof.

3. OPERATORS' COMMITTEE. All operations conducted pursuant to this agreement shall be under the supervision of an Operators' Committee. The Operators' Committee shall consist of one representative of each operator who is a party to this agreement. The members of the Operators' Committee shall be designated from time to time by the respective operators or working interest owners of the producing leases as shown by the schedule attached hereto as Exhibit "B" or their successors in interest. Said representatives shall be selected within 10 days after the effective date of this agreement and shall meet and organize within 30 days thereafter, and shall select from among their membership a Chairman, Vice-Chairman, Secretary and Treasurer. The offices of Secretary and Treasurer may be combined in one person. Each member of the Operators' Committee on all questions coming before the Committee shall be entitled to a vote equal to the number of producing wells that the operator whom he represents has in the cooperative area, provided, however, to constitute a quorum for the purpose of holding any meeting there must be present in person or by proxy members of the Operators' Committee having a vote equal to at least 60% of the total number of votes represented by all of the members of the Operators' Committee. The vote of a majority of all operators present in person or by proxy

at any regular called or held meeting of the Operators' Committee shall prevail.

The Operators' Committee shall adopt by-law or rules and regulations for the conduct of their meetings and as a basis for all operations to be conducted pursuant to this agreement, and defining the duties, powers and authority of all officials and employees, and when so adopted the same shall not be changed unless by a majority vote of all of the members of the Operators' Committee. The Operators' Committee shall also have the right to delegate any and all powers and authority herein given to the Operators' Committee to the Executive Committee hereinafter provided for, and any reference hereinafter made to the Operators' Committee shall apply to the Executive Committee where the Operators' Committee has delegated to the Executive Committee the right to carry out or perform any of the specific provisions hereof wherein the Operators' Committee is designated to carry out such provisions.

4. EXECUTIVE COMMITTEE. The Operators' Committee may select an Executive Committee consisting of not less than three members of the Operators' Committee and may delegate such power and authority to the Executive Committee as they may deem desirable.

5. SUPERINTENDENT AND ENGINEER. The Operators' Committee shall employ a competent superintendent and engineer for the purpose of supervising and conducting properly all operations which are to be carried out pursuant to this agreement. If prescribed by the by-laws or regulations of the Operators' Committee, the superintendent and engineer may be employed by the Executive Committee. The superintendent and engineer shall be employed for such time and paid such salaries or compensations as may be determined by the Operators' Committee, and their salaries or compensations shall be considered as a part of the operating expenses in carrying on operations hereunder. The duties and powers of the superintendent and engineer shall be prescribed by the Operators' Committee, and they shall be immediately and directly responsible to the Executive Committee.

The superintendent shall have the right to hire such employees as may be necessary to carry on the operations contemplated by this agreement within such limitations as may be prescribed by the Operators' Committee.

6. PARTICIPATION AND ALLOCATION OF PRODUCTION. Each of the parties hereto owning an interest in and to the oil, gas and other hydrocarbon substances which may be produced from the cooperative area shall participate in the total production from the cooperative area upon the basis of the percentages shown on the schedule attached hereto, made a part hereof, and for purposes of identification marked Exhibit "C", and for the purpose of determining any benefits accruing under this agreement, and the distribution of the royalties payable to the State of New Mexico and others, each separate lease shall have allocated to it such percentage of said production as shown on said Exhibit "C", and the oil and gas and other hydrocarbon substances so allocated shall be deemed to have been produced from the respective leasehold interests participating therein.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the oil, gas and other hydrocarbon substances which may be produced from said cooperative area in kind, or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to either the Operator's Committee or the Executive Committee the right to sell or otherwise dispose of the proportionate share of any working interest owner or other owner entitled to take such owner's proportionate share in kind.

Any working interest or other owner who takes such owner's share of the oil, gas or other hydrocarbon substances allocated to such leasehold interest in kind shall pay or secure the payment of all royalties and other obligations payable on account of such interest, and shall also

bear any additional expense which may be necessary or occasioned by the taking of said substances in kind.

7. ROYALTY AND RENTAL PAYMENTS. All royalties due the State of New Mexico and others under the terms of the respective leases committed to this agreement shall be computed and paid on the basis of all oil, gas and other hydrocarbon substances which may be allocated to the respective leases committed hereto on the basis of the percentages shown on the schedule attached hereto as Exhibit "C", provided, however, the State and other royalty owners, where provided by the terms of their leases, shall be entitled to take in kind their share of such substances so allocated. All rentals due the State of New Mexico and to others shall be paid by the respective lease owners in accordance with the terms of their leases.

8. PLANT AND EQUIPMENT FOR SECONDARY RECOVERY PROGRAM. The Cooperative Producing Association, one of the parties hereto, has heretofore equipped a well located in the NE 1/4 Sec. 31, Twp. 12 S., Rng. 32 E., N.M.P.M., as an injection well for air and water and has also installed in connection therewith compressors and other equipment for the purpose of injecting air and water into the "Queen" or "Red" Sand formation. The Operators' Committee, as soon as possible after the effective date of this agreement, shall formulate and put into effect a secondary recovery plan for the purpose of obtaining the greatest possible recovery of oil, gas and other hydrocarbon substances from the "Queen" or "Red" Sand formation underlying the cooperative area, and in connection therewith shall have the power and authority to select from among the wells which have heretofore been drilled such input or injection wells as may be deemed necessary or required to carry on effectively such operation, and shall also have the right to purchase, acquire, install and maintain such plants or equipment as may be necessary or required in connection therewith, and to do and perform every act and

thing which may be necessary or required to maintain properly and to make effective said secondary recovery program.

The value of the plant and equipment heretofore installed by the Cooperative Producing Association shall be determined on the basis of the initial cost thereof, plus any capital repairs or improvements, less depreciation on a reasonable basis, to the time such plant and equipment is taken over by the Operators' Committee as herein provided. In addition, the Operators' Committee shall make an estimate of the cost of all additional equipment which may be necessary or required to carry on said secondary recovery program, including the drilling and equipping of any injection wells, if such wells shall be deemed necessary. The total estimated cost, including the appraised value of the plant and equipment of the Cooperative Producing Association, shall be prorated or allocated to the respective leasehold interests on the basis of the percentages shown by the schedule attached hereto as Exhibit "C", and each operator or the working interest owners of such lease shall thereupon pay to the Operators' Committee their proportionate parts of the total cost of the plant and equipment and all facilities necessary or required to carry on such secondary recovery program. The Cooperative Producing Association shall be given credit on its proportionate part of the total cost for an amount equal to the appraised value of its plant and equipment heretofore referred to, or if the appraised value thereof should be more than the cost allocated to the Cooperative Producing Association, the difference shall be paid to the latter. The Operators' Committee shall designate the time and manner of payment.

9. OPERATING EXPENSES AND CONTINGENCY FUND. Accurate books of account shall be kept reflecting all costs and expenses of operation in connection with the secondary recovery program as formulated and put into operation by the Operators' Committee, including the cost of the entire plant, equipment and other facilities purchased, acquired

and maintained in connection therewith. All expenses of operation shall be allocated to the respective leases on the basis of the percentages shown on the schedule attached hereto as Exhibit "C" and shall be paid by the Operator or working interest owners of the respective leases monthly within 20 days after being billed therefor.

The Operators' Committee may provide for a contingency fund over and above the initial cost of the plant, equipment and other facilities necessary to carry on said secondary recovery program, which shall be paid by the respective operators or working interest owners on the basis of the percentages shown on Exhibit "C", and which said fund shall be used to take care of any emergency or any necessary capital replacements or repairs of any of the equipment used in connection with the secondary recovery program, and including the drilling and equipping of any injection wells which may be deemed necessary.

In the event any working interest owner or other owner charged with the payment of any obligation provided for by this agreement should fail to pay such owner's proportionate part of any cost allocated as herein provided and remain in default thereof for more than 30 days, the Operators' Committee shall have a first and prior lien upon the leasehold interest of such party or parties and all of the production therefrom until such time as the obligation is fully paid and satisfied, together with interest thereon at the rate of 6% per annum. The Operators' Committee shall have the right to foreclose any such lien in the manner provided by law for the foreclosure of mortgage deeds, and any purchaser of the oil, gas and other hydrocarbon substances allocated to the lease on account of which the deficiency exists shall upon notice from the Operators' Committee or its duly authorized representative impound all payments due such delinquent owner or owners until the delinquent account has been paid or any controversy with respect thereto finally settled.

10. MAINTENANCE OF WELLS. The owners or operators of each

lease committed hereto from which oil or gas or other hydrocarbon substances are being produced shall maintain all wells on their respective leases at their own cost, risk and expense. All wells shall be maintained in a first class condition and in accordance with good oil field practice. All wells shall be subject to inspection by the superintendent, engineer and any authorized representatives or employees of the Operators' Committee or Executive Committee, and they shall have the right to test the same from time to time for the purpose of determining their condition. Whenever any well is found not to be in a condition favorable for obtaining the most efficient production, the operator or owners thereof shall upon notice in the form prescribed by the Operators' Committee commence operations within 24 hours thereafter to remedy such condition, failing in which the Operators' Committee or anyone having the authority delegated by the Operators' Committee shall have the right to undertake such operations, looking to placing such well in proper condition, and the cost thereof shall be charged to the owner or owners of such well as their respective interests appear.

11. NEW DEVELOPMENT. The owner or owners of any oil and gas lease within the cooperative area having therein a 40-acre legal subdivision upon which a well has not been drilled shall have the right to drill a well thereon according to the regular well spacing pattern to the "Queen" or "Red" Sand formation, subject to the approval of the Commission. In the event any such well is completed as a well capable of producing from said formation an amount of oil equal to or in excess of the average daily production of all of the producing wells within the cooperative area as of July 1, 1951, such owner or owners shall be entitled to have allocated to said well out of the total production from the cooperative area an amount equal to said average as of July 1, 1951, plus one-half of all production from such well actually in excess of said average. The owner or owners of such well shall pay to the

Operators' Committee an amount equal to such owner's proportionate part on an acreage basis of the depreciated value as of the date of the completion of such well, of the entire plant and facilities acquired, erected, installed and maintained pursuant to the terms of this agreement.

In the event any of the parties hereto, their heirs, personal representatives, successors, or assigns should undertake the drilling of any well or wells within the cooperative area for the purpose of testing, developing or producing oil, gas or other hydrocarbon substances from any formations which may be found below the "Queen" or "Red" Sand, such party or parties shall at their own expense take the necessary steps to protect the "Queen" or "Red" Sand formation so that the drilling of such well or wells will not be a detriment to or adversely affect the secondary recovery program to be carried on pursuant to the terms of this agreement, and the Operators' Committee, subject to the approval of the Commission, shall have the right to prescribe reasonable regulations for the protection of the "Queen" or "Red" Sand formation under such circumstances.

12. CONSERVATION. All operations hereunder shall be conducted so as to provide for the most economical and efficient recovery of oil and gas from the cooperative area without waste as defined by or pursuant to State law and regulations.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, provisions and conditions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling, development or operations for oil or gas on the lands committed to this agreement shall as of the effective date hereof be, and the same are, hereby expressly modified to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect. Each lease committed to this agreement shall continue in full force and effect beyond the term provided therein so long as this agreement remains in effect, and the termination of this agreement shall not affect any lease

which pursuant to the terms thereof or any applicable law shall continue in full force and effect thereafter. All lands of the State of New Mexico which are not subject to any valid and subsisting oil and gas lease shall, if and when leased, be subject to all of the terms and provisions hereof.

14. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Commission and Commissioner and shall continue in full force and effect so long as oil is being produced in paying quantities from the "Queen" or "Red" Sand formation of the lands within the cooperative area. This agreement may be terminated at any time by the Operators' Committee with the approval of the Commissioner, provided members of the Operators' Committee representing 80% of all wells within the cooperative area vote for such termination.

15. APPEARANCES. The Operators' Committee or their duly authorized representative shall after notice to other parties affected have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner or Commission and to appeal from orders issued under the regulations of the Commissioner or Commission or to apply for relief from any of said regulations or in any proceedings relative to operations pending before the Commissioner or Commission, provided, however, that any other interested parties shall also have the right at his own expense to appear and to participate in any such proceeding.

16. NOTICES. All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if given in writing or personally delivered to the party or sent by postpaid registered mail or prepaid telegram addressed to such party or parties at their respective addresses set forth in connection with their signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to the party sending the notice, demand or statement.

17. CONTROVERSIES INVOLVING TITLE. In the event the title

to any tract within the cooperative area committed to this agreement is involved in any dispute, the purchaser of the oil may withhold payment or delivery of the allocated portion involved on account thereof without liability for interest, until the dispute is finally settled, provided that no payment of funds due the State of New Mexico shall be withheld.

18. SUBSEQUENT JOINDER. Any leasehold interests within the cooperative area not committed hereto prior to the submission of this agreement for final approval by the Commission and Commissioner may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or a counterpart thereof, or by executing a ratification agreement upon a form acceptable to the Operators' Committee.

19. COUNTERPARTS. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all these parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the cooperative area.

20. COVENANTS RUN WITH LAND. The covenants hereof shall be construed as covenants running with the land or leasehold interests committed to this agreement and shall be binding upon the parties hereto and their successors in interest.

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective date set opposite their signatures.

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DESCRIPTION OF INTERESTS COMMITTED
TO CARPENTER'S AGREEMENT
BY REFERENCE TO TRACT NUMBERS IN
EXHIBIT "P" ATTACHED HERETO

SIGNATURES AND ADDRESSES

Tracts:
By _____
President
ATTEST:

Secretary
Address _____
Date _____

Tracts:
By _____
President
ATTEST:

Secretary
Address _____
Date _____

Tracts:
By _____
President
ATTEST:

Secretary
Address _____
Date _____

Tract No. _____
Address _____
Date _____

Tract No. _____
Address _____
Date _____

Tract No. _____
Address _____
Date _____

Tract No. _____
Address _____
Date _____

Tract No. _____
Address _____
Date _____

Tract No. _____
Address _____
Date _____

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STATE OF _____ }
COUNTY OF _____ } SS
On this ____ day of _____, 195____, before me personally appeared _____ to me personally known who being by me duly sworn, did say that he is the _____ President of _____ and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this the ____ day and year last above written.
My Commission Expires: _____
Notary Public _____

STATE OF _____ }
COUNTY OF _____ } SS
On this ____ day of _____, 195____, before me personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ President of _____ and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this the ____ day and year last above written.
My Commission Expires: _____
Notary Public _____

STATE OF _____ }
COUNTY OF _____ } SS
On this ____ day of _____, 195____, before me personally appeared _____ to me personally known who being by me duly sworn did say that he is the _____ President of _____ and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this the ____ day and year last above written.
My Commission Expires: _____
Notary Public _____

STATE OF _____ }
COUNTY OF _____ } SS
On this ____ day of _____, 195____, before me personally appeared _____ to me personally known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year in this certificate above written.
My Commission Expires: _____
Notary Public _____

STATE OF _____ }
COUNTY OF _____ } SS
On this ____ day of _____, 195____, before me personally appeared _____ to me personally known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year in this certificate first above written.
My Commission Expires: _____
Notary Public _____

STATE OF _____ }
COUNTY OF _____ } SS
On this ____ day of _____, 195____, before me personally appeared _____ to me personally known to be the person described in and who executed the foregoing instrument and acknowledged that _____ executed the same as _____ free act and deed.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year in this certificate last above written.
My Commission Expires: _____
Notary Public _____

STATE OF _____ }
COUNTY OF _____ } SS
On this ____ day of _____, 195____, before me personally appeared _____ to me personally known to be the person described in and who executed the foregoing instrument and acknowledged that _____ executed the same as _____ free act and deed.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year in this certificate last above written.
My Commission Expires: _____
Notary Public _____

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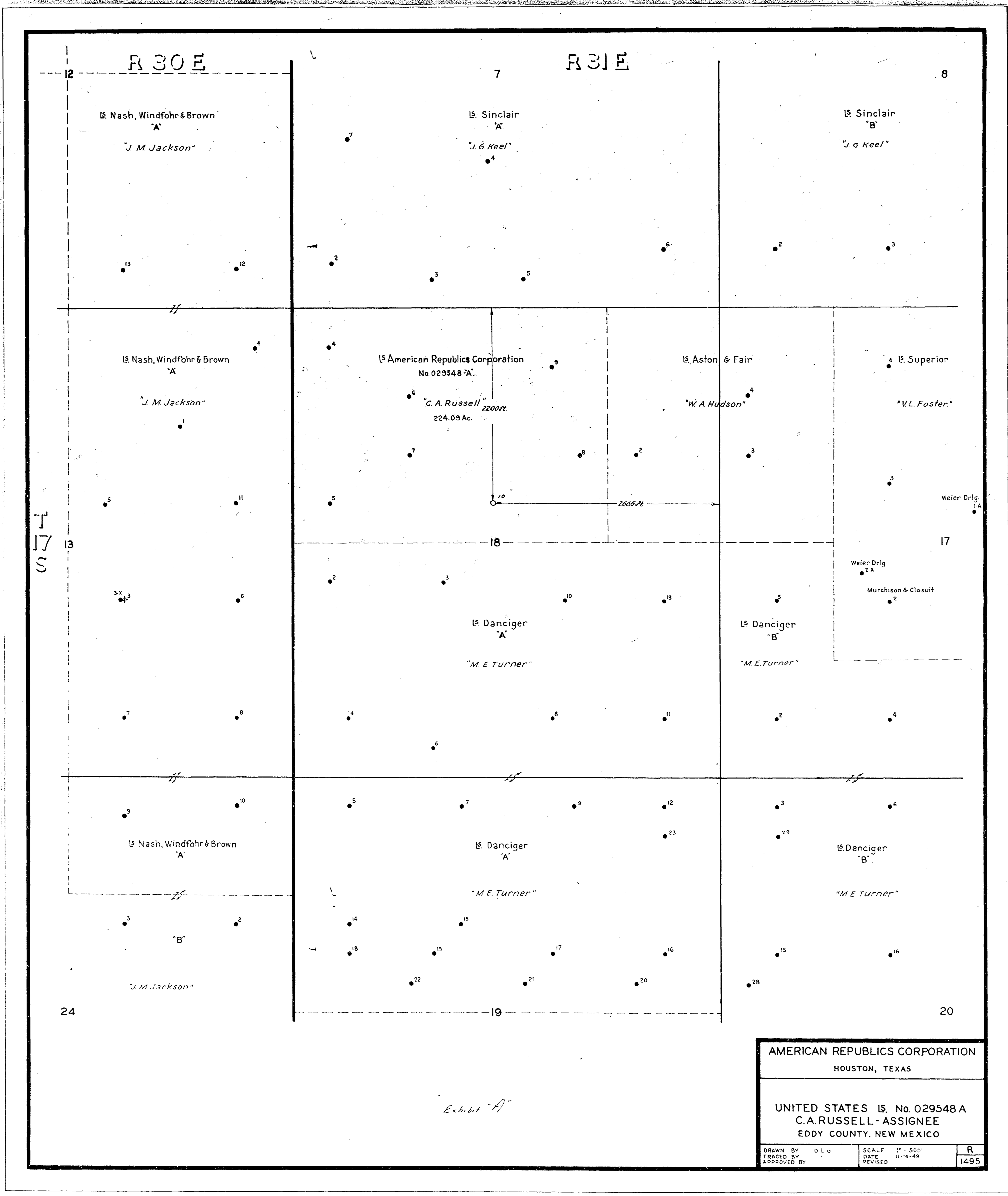
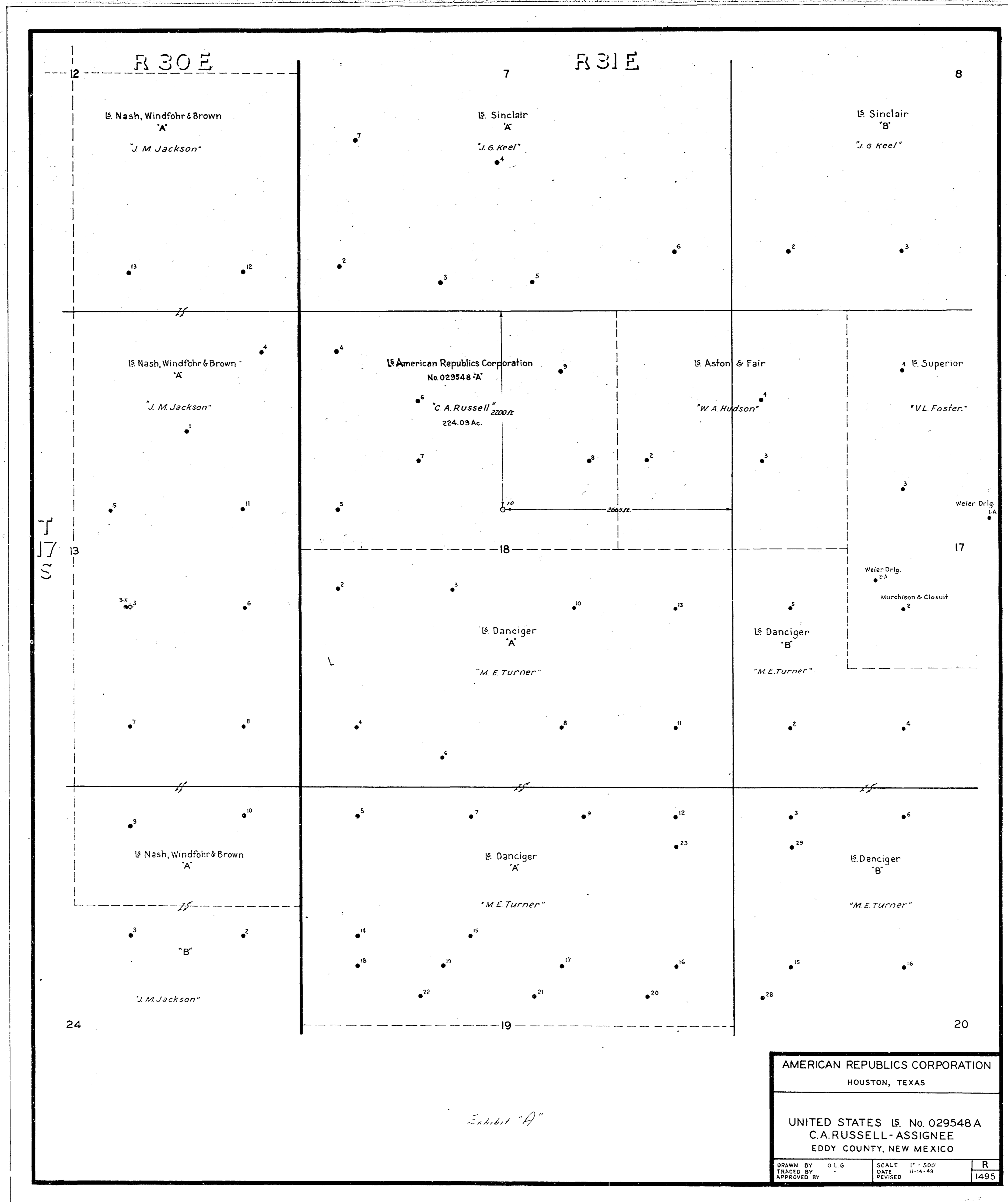


Exhibit "A"



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Exhibit "A"