

Entered June 18 1959
W.H.P.

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. 1663
Order No. R-1416

APPLICATION OF BRITISH-AMERICAN
OIL PRODUCING COMPANY FOR
PERMISSION TO INSTITUTE A WATER
INJECTION PROJECT IN THE BISTI-
LOWER GALLUP OIL POOL, SAN JUAN
COUNTY, NEW MEXICO, AND FOR THE
PROMULGATION OF SPECIAL RULES
AND REGULATIONS GOVERNING SAID
PROJECT

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 12, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 5th day of June, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, British-American Oil Producing Company, is the operator of the following-described acreage in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico:

TOWNSHIP 25 NORTH, RANGE 13 WEST, NMPM

Section 1: All
Section 12: All

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM

Section 35: All

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(3) That the applicant proposes to institute a water injection project, for the purpose of pressure maintenance, on said acreage by the injection of water into the entire Lower Gallup perforated intervals of the following-described wells:

British-American Marye Well No. 2, located in the
NE/4 NE/4 of Section 12

British-American Marye Well No. 5, located in the
NE/4 SE/4 of Section 1

both in Township 25 North, Range 13 West, NMPM, San Juan County, New Mexico.

(4) That the applicant further proposes that special rules and regulations be promulgated to govern the operation of said project, which rules would include a provision permitting the transfer of allowables from injection wells to producing wells on the acreage described in Finding No. 2.

(5) That the applicant has established that approval of the subject application will not impair correlative rights and will result in greater ultimate recovery of oil from the Bisti-Lower Gallup Oil Pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, British-American Oil Producing Company, be and the same is hereby authorized to operate a water injection project for pressure maintenance in the Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico, subject to the special rules and regulations for said project as hereinafter set forth.

(2) That the applicant be and the same is hereby authorized, for the purpose of pressure maintenance, to convert to water injection in the Lower Gallup formation, the following-described wells:

British-American Marye Well No. 2, located in the
NE/4 NE/4 of Section 12

British-American Marye Well No. 5, located in the
NE/4 SE/4 of Section 1

both in Township 25 North, Range 13 West, NMPM, San Juan County, New Mexico.

(3) That the interval of water injection in the aforesaid wells shall be between 4858 feet and 4964 feet for the said Marye Well No. 2 and between 4820 feet and 4914 feet for the said Marye Well No. 5.

(4) That special rules and regulations governing the operation of the above-described water injection project be and the same are hereby promulgated as follows, effective June 1, 1959:

SPECIAL RULES AND REGULATIONS FOR THE
BRITISH-AMERICAN OIL PRODUCING COMPANY
MARYE WATER INJECTION PROJECT

RULE 1. The project area of the British-American Oil Producing Company Marye Water Injection Project, hereinafter referred to as the "Project," shall comprise that area described as follows:

TOWNSHIP 25 NORTH, RANGE 13 WEST, NMPM

Section 1: All
Section 12: All

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM

Section 35: All

RULE 2. The project operator may transfer the allowable for any duly authorized water injection well in the project area to any other well or wells in the project area producing from the Bisti-Lower Gallup Oil Pool, provided that such transfer of allowable shall be in accordance with the restrictions and limitations hereinafter set forth.

RULE 3. That the allowable assigned to any duly authorized water injection well located in the project area, which allowable is to be transferred to any other well or wells in the project area for production, shall in no event exceed the producing capacity of the well prior to conversion to water injection, as determined by the testing procedure prescribed in Rule 4. Conversion of producing wells to water injection, or the drilling of new wells for the purpose of water injection, shall be done only after approval of the same after notice and hearing.

RULE 4. The allowable assigned to any well which is used for the purpose of water injection shall be determined by a 24-hour test at a stabilized rate of production, which shall be the final 24-hour period of a 72-hour test throughout which the well shall be produced in the same manner and at a constant rate. In no event shall a well receive an allowable greater than its ability to produce during such test, or greater than top unit allowable for the pool at the time of such test multiplied by the well's acreage factor, or greater than the current top unit allowable for the pool during the month of transfer, multiplied by the well's acreage factor, whichever of the three is less. The project operator shall notify all operators offsetting the Project, as well as the Commission, of the exact time such tests are to be conducted. Tests may be witnessed by representatives of the offsetting operation and the Commission, if they so desire.

RULE 5. No well in the project area shall be assigned any allowable transferred from any other well or wells in the project area unless and until said well has been approved by the Commission as a duly authorized "Transfer Well." To receive approval for any such Transfer Well, the project operator shall file application with the Secretary-Director of the Commission for permission to transfer allowable to the well, setting forth therein the well's current

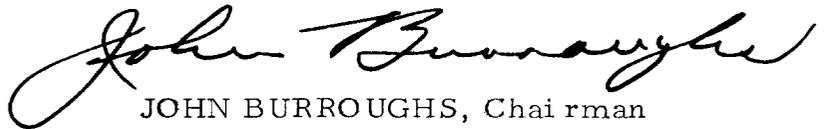
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allowable and the maximum allowable which will be assigned to the well. Copies of the application shall be provided to all operators of wells offsetting the proration unit on which the transfer well is located. The Secretary-Director may designate the well as a Transfer Well subject to the maximum expected allowable for the well if, within 20 days after receiving the application, no objection to the designation is received. The Secretary-Director may grant immediate designation as a Transfer Well provided waivers of objection are received from all such offset operators.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



JOHN BURROUGHS, Chairman



MURRAY E. MORGAN, Member



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

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