

*Entered March 18, 1960
O.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. 1914
Order No. R-1631

APPLICATION OF GREAT WESTERN
DRILLING COMPANY FOR APPROVAL
OF A UNIT AGREEMENT AND FOR AN
ORDER AUTHORIZING A WATERFLOOD
PROJECT WITH SPECIAL ALLOWABLES
AND FOR AN AUTOMATIC CUSTODY
TRANSFER SYSTEM IN THE CAPROCK-
QUEEN POOL, LEA AND CHAVES
COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 1:30 o'clock p.m. on March 9, 1960, 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 14th day of March, 1960, 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 seeks approval of its proposed Pebble Queen Unit Agreement with the unit area comprising 961 acres, more or less, in Townships 12 and 13 South, Range 31 East, NMPM, Chaves County, New Mexico.

(3) That the applicant proposes to institute a water-flood project in the Caprock-Queen Pool on said Pebble Queen Unit by the injection of water into the Queen formation through the following-described wells:

Great Western "VV" Well No. 2, NW/4 NW/4 of Section 1
Great Western "VV" Well No. 1, SE/4 NE/4 of Section 2
Great Western "PP" Well No. 1, NW/4 SE/4 of Section 2
Texas Pacific "AA" Well No. 1, SE/4 SW/4 of Section 2

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Graridge State Well No. 1, NW/4 NW/4 of Section 11
Graridge Ohio State Well No. 9, SE/4 NW/4 of Section 11

all in Township 13 South, Range 31 East, NMPM, Chaves County,
New Mexico.

(4) That the applicant seeks special allowables for the producing wells in the Pebble Queen Unit which are offset by the capacity-type waterflood project operated by Ambassador Oil Corporation on its North Caprock-Queen Unit No. 2.

(5) That the applicant further seeks permission to install an automatic custody transfer system to handle the Caprock-Queen Pool production from all wells presently completed or hereafter drilled on the said Pebble Queen Unit.

(6) That approval of the Pebble Queen Unit Agreement will in principle tend to promote the conservation of oil and gas and the prevention of waste.

(7) That the proposed waterflood project should be authorized and the operation thereof should be governed by the provisions of Rule 701 of the Commission Rules and Regulations including those provisions regarding allocation of allowables and expansion of the project area.

(8) That the request for special allowables in excess of those provided in said Rule 701 should be denied, since such special allowables are not necessary in order to afford the applicant the opportunity to produce the recoverable oil underlying the Pebble Queen Unit.

(9) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has demonstrated that such equipment is a reliable and economic means of transferring the custody of oil, and that the use of such equipment should be permitted.

IT IS THEREFORE ORDERED:

(1) That the Pebble Queen Unit Agreement be and the same is hereby approved.

(2) That the plan under which the unit area shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Pebble Queen Unit Area and such plan shall be known as the Pebble Queen Unit Agreement Plan.

(3) That the Pebble Queen Unit Agreement Plan be and the same is hereby approved in principle as a proper conservation measure; provided however, that notwithstanding any of the provisions contained in said unit agreement, this

approval shall not be considered as waiving or relinquishing in any manner any right, duty or obligation which is now, or may hereafter, be vested in the Oil Conservation Commission of New Mexico relative to the supervision and control of operations for the exploration and development of any lands committed to the said Pebble Queen Unit, or relative to the production of oil or gas therefrom.

(4) (a) That the unit area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

TOWNSHIP 12 SOUTH, RANGE 31 EAST

Section 35: SE/4 SE/4
Section 36: SW/4 SW/4

TOWNSHIP 13 SOUTH, RANGE 31 EAST

Section 1: Lot 4 and SW/4 NW/4
Section 2: Lots 1, 2 and 3 and
S/2 N/2, SW/4, W/2 SE/4
and NE/4 SE/4
Section 3: NE/4 SE/4
Section 11: NW/4 and NW/4 SW/4

containing 961 acres more or less.

(b) That the unit area may be enlarged or contracted as provided in said Plan; provided however, that administrative approval for expansion or contraction of the unit area must also be obtained from the Secretary-Director of the Oil Conservation Commission.

(5) That the unit operator shall file with the Commission an executed original or executed counterpart of the Pebble Queen Unit Agreement within 30 days after the effective date thereof.

(6) That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.

(7) The portion of this Order relating to approval of the Pebble Queen Unit Agreement shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall immediately notify the Commission in writing of such termination.

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(8) That the applicant be and the same is hereby authorized to institute the Pebble Queen Waterflood Project in the Caprock-Queen Pool, Lea and Chaves Counties, New Mexico, by the injection of water into the Queen formation through the following-described wells:

Great Western "VV" Well No. 2, NW/4 NW/4 of Section 1
Great Western "VV" Well No. 1, SE/4 NE/4 of Section 2
Great Western "PP" Well No. 1, NW/4 SE/4 of Section 2
Texas Pacific "AA" Well No. 1, SE/4 SW/4 of Section 2
Graridge State Well No. 1, NW/4 NW/4 of Section 11
Graridge Ohio State Well No. 9, SE/4 NW/4 of Section 11

all in Township 13 South, Range 31 East, NMPM, Chaves County, New Mexico.

(9) That the request for special allowables for said waterflood project be and the same is hereby denied.

(10) That the operation of the Pebble Queen Waterflood Project shall be governed by the provisions of Rule 701 of the Commission Rules and Regulations, including those provisions regarding allocation of allowables and expansion of the project area.

(11) That monthly progress reports on the Pebble Queen Waterflood Project shall be submitted to the Commission in accordance with Rule 704 and Rule 1119 of the Commission Rules and Regulations.

(12) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle the Caprock-Queen Pool production from all wells presently completed or hereafter drilled on the said Pebble Queen Unit.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells on the said Pebble Queen Unit at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That the above-described system shall be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

PROVIDED FURTHER, That all meters used in the above-described system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

PROVIDED FURTHER, That all meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director. Meters shall be calibrated against a master meter or against a test tank of measured volume

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and the results of such calibration filed with the Commission on the Commission form entitled "Meter Test Report."

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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