

Entered January 6, 1976

JSR

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. 5598  
Order No. R-5141

APPLICATION OF SKELLY OIL COMPANY  
FOR A WATERFLOOD PROJECT, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 17, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of January, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

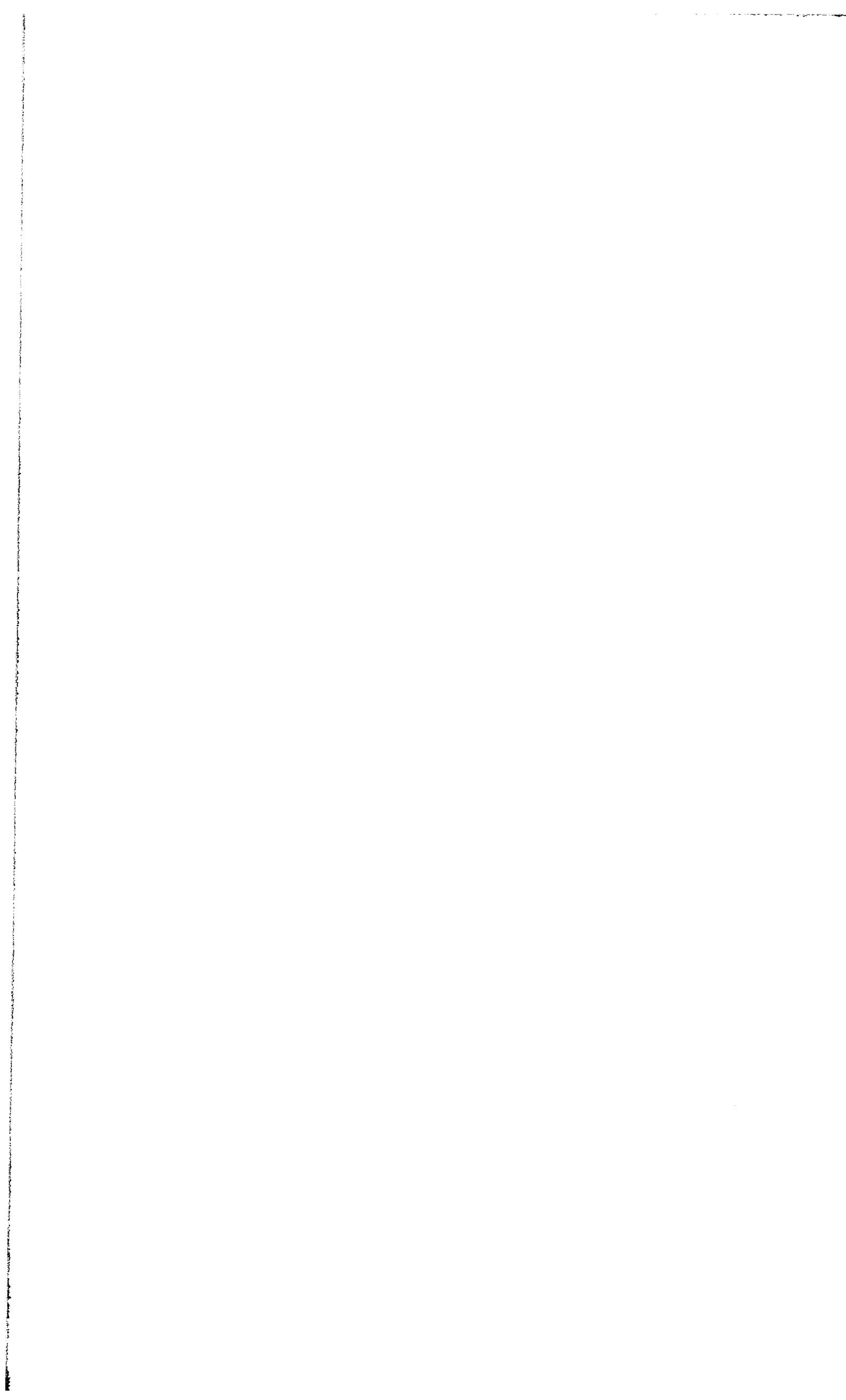
(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Skelly Oil Company, seeks authority to institute a waterflood project on its Hughes-Federal Lease, Langlie-Mattix Pool, by the injection of water into the Queen formation through its Hughes-Federal Well No. 1, located in Unit P, and its Hughes-Federal Well No. 3, to be drilled in Unit N, both in Section 17, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

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

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

(5) That the operator should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.



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(6) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(7) That applicant further seeks an administrative procedure whereby the project area could be changed and expanded and additional wells at standard and non-standard locations put on injection and production.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby authorized to institute a waterflood project on its Hughes-Federal Lease, Langlie-Mattix Pool, by the injection of water through its Hughes Federal Wells Nos. 1 and 3, located in Units P and N, respectively, of Section 17, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That injection into each of said wells shall be through internally coated tubing, set in a packer which shall be located as near as practicable to the uppermost perforation; that the casing-tubing annulus of each injection well shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(3) That the operator shall immediately notify the supervisor of the Commission's Hobbs district office of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(4) That the subject waterflood project is hereby designated the Skelly Hughes-Federal Langlie-Mattix Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(5) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(6) The Secretary-Director of the Commission is hereby authorized to approve such additional producing wells and injection wells at orthodox and unorthodox locations within the boundaries of the Skelly Hughes-Federal Langlie-Mattix Waterflood Project area as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 330 feet to any lease line nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary. To obtain such approval, the project operator shall file proper application with the Commission, which application, if it seeks

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authorization to convert additional wells to injection or to drill additional production or injection wells shall include the following:

- (a) A plat showing the location of proposed well, all wells within the project area, and offset operators, locating wells which offset the project area.
- (b) A schematic drawing of any proposed injection well which fully describes the casing, tubing, perforated interval, and depth.
- (c) A letter stating that all offset operators to the proposed well have been furnished a complete copy of the application and the date of notification.

The Secretary-Director may approve the proposed well if, within 20 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators.

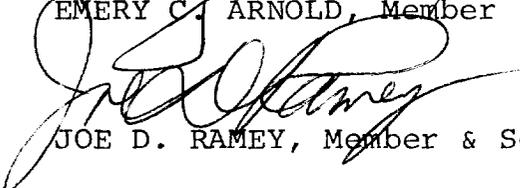
(7) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
PHIL R. LUCERO, Chairman

  
EMERY C. ARNOLD, Member

  
JOE D. RAMEY, Member & Secretary

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