

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1356
Order No. R-1128-A

APPLICATION OF CITIES SERVICE OIL
COMPANY FOR AN ORDER AMENDING ORDER
NO. R-1128 TO PROVIDE FOR A UNIT
ALLOWABLE FOR ITS WATER FLOOD PROJECT
IN THE CAPROCK-QUEEN POOL IN CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 9, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 5th day of May, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Utz, 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, Cities Service Oil Company, was authorized by Order No. R-1128 dated February 12, 1958, to inject water into the Queen formation in the Caprock-Queen Pool, Chaves County, New Mexico, through four wells located on the applicant's Government "B" Lease in Section 3 and Section 10, Township 14 South, Range 31 East, NMPM, with the limitation that the applicant should regulate the injection of water into the above-referenced wells so that the production from the wells affected by the injection project could be prorated without causing waste.

(3) That Cities Service Oil Company by this application, seeks the amendment of Order No. R-1128 to delete the limitation referred to above, and to authorize the transfer of allowables from injection wells to producing wells and to establish a lease allowable for its Government "B" Lease which consists of all of Section 3 and the N/2 of Section 10, Township 14 South, Range 31 East, NMPM, Chaves County, New Mexico, and further to authorize administrative approval, without notice and hearing, for additions to or deletions from the subject pilot water flood project.

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(4) That according to the preponderance of the evidence presented at the April 9 hearing referred to above, the primary production from the applicant's Government "B" Lease will have declined to the "stripper" stage by the time the aforementioned water injection project has become effective.

(5) That in view of finding (4), the aforementioned water injection program should be considered as a bona fide water flood project for purposes of secondary recovery.

(6) That Order No. R-1128 should be amended to delete the production limitation referred to above and that the applicant should be authorized to transfer top allowables for each of the above-referenced injection wells to producing wells within the pilot area on the applicant's Government "B" Lease.

(7) That according to the preponderance of the evidence presented at the April 9 hearing in this case, only those producing wells which either directly or diagonally offset the water injection wells can reasonably be expected to be affected by the water injection project, and that allowable benefit as a result of water injection should therefore be limited to those wells.

(8) That three of the producing wells which either directly or diagonally offset the aforementioned water injection wells are not located on the applicant's Government "B" Lease, to-wit:

Cities Service Oil Company State "AN" Well No. 1
SW/4 SW/4 Section 2, Township 14 South, Range 31 East

Cities Service Oil Company State "AN" Well No. 2
NW/4 SW/4 Section 2, Township 14 South, Range 31 East

Neville G. Penrose Alston Well No. 2
NW/4 NW/4 Section 11, Township 14 South, Range 31 East

all in Chaves County, New Mexico.

(9) That the three wells described above should not be granted any exception to the normal allowable formula as a result of the aforementioned water injection program until such time as the tracts on which they are located are unitized with the applicant's Government "B" Lease.

(10) That within the limitations set forth above, the allowable during any given month for the producing wells which either directly or diagonally offset the authorized water injection wells should be assigned in accordance with the monthly nominations by the applicant as filed on Form C-127.

(11) That additions to or deletions from a pilot water flood project and authorization of water injection wells should be accomplished only after notice and hearing in order to more closely supervise the development of such projects.

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IT IS THEREFORE ORDERED:

(1) That those wells on the applicant's Government "B" Lease which either directly or diagonally offset the 40-acre tracts on which authorized water injection wells are located be assigned an allowable equal to the nomination of the applicant for said wells as filed on Form C-127. Said Form C-127 shall be filed with the Commission not later than the 15th of each month for the next succeeding month.

PROVIDED HOWEVER, That in no event shall the total allowable assigned to the above-referenced well be greater than an amount to be determined by multiplying the number of 40-acre tracts on which there is located an authorized water injection well, plus the number of developed 40-acre proration units on the applicant's Government "B" Lease which either directly or diagonally offset the 40-acre tracts on which said injection wells are located, times the top unit allowable for the Caprock-Queen Pool.

(2) That in the event all 40-acre tracts which directly or diagonally offset the aforementioned water injection wells are unitized, then all of said wells shall be assigned an allowable equal to the monthly nominations of the unit operator for said wells as filed on Form C-127;

PROVIDED HOWEVER, That in no event shall the total allowable assigned to said wells be greater than an amount to be determined by multiplying the number of 40-acre tracts on which there is located an authorized water injection well, plus the number of developed 40-acre proration units which either directly or diagonally offset the 40-acre tracts on which said injection wells are located, times the top unit allowable for the Caprock-Queen Pool.

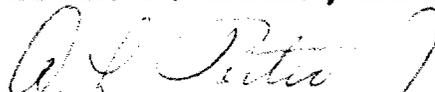
(3) That the application of Cities Service Oil Company to authorize administrative approval, without notice and hearing, for additions to or deletions from the subject pilot water flood project be and the same is hereby denied.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


MURRAY E. MORGAN, Member


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

