

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. 1420
Order No. R-1191

APPLICATION OF CAULKINS OIL COMPANY
TO AMEND THE SPECIAL POOL RULES FOR
THE SOUTH BLANCO-TOCITO OIL POOL,
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 16, 1958, at Roswell, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 10th day of June, 1958, the Commission, a quorum being present, having considered the application and the evidence adduced, 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, Caulkins Oil Company, is the operator of a water injection project in the South Blanco-Tocito Oil Pool in Rio Arriba County, New Mexico.
- (3) That the applicant proposes that the Special Rules and Regulations for the South Blanco-Tocito Oil Pool as promulgated by Order No. R-326, dated May 26, 1953, and by Commission Order No. R-1144, dated March 25, 1958, be amended to provide for a system of transferring allowables within said water injection project and to provide credit against gas-oil ratio limitations for net water injected into the reservoir.
- (4) That amendment of the Special Rules and Regulations for the South Blanco-Tocito Oil Pool to provide that allowables may be transferred from injection wells to other producing wells within the water injection project will not impair correlative rights.
- (5) That production from any one well within the water injection project should be limited to twice the top unit allowable or three hundred (300) barrels a day, whichever is greater.
- (6) That in order to prevent the waste of casinghead gas, a no-flare order should be entered for the South Blanco-Tocito Oil Pool, effective October 1, 1958.

(7) That the Rules and Regulations for the South Blanco-Tocito Oil Pool, as set forth in Commission Order No. R-326, dated May 26, 1953, and Commission Order No. R-1144, dated March 25, 1958, should be superseded by this order so as to consolidate all Special Rules and Regulations for the South Blanco-Tocito Oil Pool and for the South Blanco-Tocito Water Injection Project in one order.

(8) That the findings of the Commission, as recited in Commission Order R-326 and Commission Order R-1144, should be incorporated by reference in this order.

IT IS THEREFORE ORDERED:

(1) That the findings of the Commission, as recited in Commission Order R-326 and Commission Order R-1144, be and the same are hereby incorporated by reference in this order.

(2) That the Rules and Regulations for the South Blanco-Tocito Oil Pool as set forth in Commission Order R-326, dated May 26, 1953, and Commission Order R-1144, dated March 25, 1958, be and the same are hereby superseded.

(3) That Special Pool Rules for the South Blanco-Tocito Pool, Rio Arriba County, New Mexico, be and the same are hereby promulgated as follows, effective July 1, 1958:

SPECIAL RULES AND REGULATIONS
FOR THE SOUTH BLANCO-TOCITO OIL POOL

RULE 1. Any well drilled to or completed in the Tocito formation within one mile of the boundaries of the South Blanco-Tocito Oil Pool shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. All wells projected to or completed in the South Blanco-Tocito Oil Pool shall be located on a tract containing 80 acres, more or less, comprising the East half, West half, North half, or South half of the governmental quarter section in which the well is located. Allowables for wells located on such 80-acre tracts shall be assigned in accordance with the 80-acre proportional factor for pools in the 6,000- to 7,000-foot depth range. Wells located on tracts comprising less than 80 acres shall be assigned an allowable which shall bear the same proportion to the standard 80-acre allowable that the acreage assigned to such well bears to 80 acres.

RULE 3. All wells hereafter projected to or completed in the South Blanco-Tocito Oil Pool shall be located in the center of the Northwest quarter or the Southeast quarter of a governmental quarter section, with a tolerance of 100 feet in any direction to avoid surface obstructions.

RULE 4. That all wells hereafter projected to or completed in the South Blanco-Tocito Oil Pool shall be cased in accordance with the following casing rules:

(a) The surface casing shall consist of new or reconditioned pipe with an original mill test of not less than 1000 pounds per square inch, and at least one string of surface casing shall be set at a depth sufficient to protect all potable water-bearing strata encountered, and not less than 450 feet below the surface of the ground. Sufficient cement shall be used to fill the annular space back of the pipe to the bottom of the cellar. Cement shall be allowed to stand a minimum of 24 hours before initiating tests. Before drilling the plug a pump pressure of at least 600 pounds per square inch shall be applied. If at the end of 30 minutes the pressure shows a drop of 100 pounds per square inch, or more, the casing shall be condemned, subject to corrective operations and further testing.

(b) The producing oil string shall consist of new or reconditioned pipe with an original mill test of not less than 2100 pounds per square inch. The producing string shall be set and cemented with sufficient cement to fill the calculated annular space behind the pipe to a minimum of 1000 feet above the guide shoe. Cement shall be allowed to stand a minimum of 72 hours before initiating tests. Before drilling the plug a pump pressure of at least 600 pounds per square inch shall be applied. If at the end of 30 minutes the pressure shows a drop of 100 pounds per square inch, or more, the casing shall be condemned, subject to corrective operations and further testing.

RULE 5. Upon completion of any well in the South Blanco-Tocito Oil Pool and semi-annually, during the months of April and October, a bottom-hole pressure test shall be made and a report thereof filed with the Commission on Commission Form C-124. Bottom hole pressures shall be taken in accordance with the provisions of Rule 302 of the Commission Rules and Regulations except that wells shall remain shut-in for a minimum of 72 hours prior to testing. Tests shall be corrected to a reservoir datum plane of minus 100 (-100) feet.

RULE 6. Upon completion of any well in the South Blanco-Tocito Oil Pool and semi-annually during the months of April and October, a gas-oil ratio test shall be made and a report thereof filed with the Commission on Commission Form C-116.

RULE 7. Prior to making tests required in Rules 5 and 6 above, each operator in the South Blanco-Tocito Oil Pool shall notify all other operators in the pool, as well as the Commission, of the time such tests are to be conducted. Tests may be witnessed by representatives of the other operators and the Commission, if they so desire.

RULE 8. The limiting gas-oil ratio for the South Blanco-Tocito Oil Pool shall be two thousand (2,000) cubic feet of gas for each barrel of oil produced.

RULE 9. No casinghead gas produced from any well completed in the South Blanco-Tocito Oil Pool shall be flared or vented after October 1, 1958.

RULE 10. All wells drilled to and completed in the South Blanco-Tocito Oil Pool prior to May 26, 1953, whose locations do not conform to the well spacing requirements of Rule 3 above are excepted from the requirements of said Rule and their locations are hereby approved as unorthodox well locations. This approval shall apply to the following wells:

	<u>Well No.</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rge.</u>
Caulkins Oil Company	T-132	A	9	26N	6W
" " "	T-134	C	10	26N	6W
" " "	T-157	E	10	26N	6W
" " "	T-182	K	10	26N	6W
" " "	T-207	O	10	26N	6W

RULE 11. In addition to the above Rules for the South Blanco-Tocito Oil Pool, the following Rules shall apply to the operation of all wells completed in the Tocito formation and located within the South Blanco Water Injection Project Area, hereinafter referred to as the "Project."

(a) The Project Area shall comprise that area described as follows:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM
Section 3: S/2 SW/4
Section 4: S/2
Section 8: N/2 NE/4
Section 9: N/2 and N/2 S/2
Section 10: NW/4, N/2 SW/4, and SE/4
Section 11: W/2 SW/4

(b) The allowable for the Project shall be the sum of the allowables of the several wells within the project area, including those wells which are shut-in or are used as water injection wells. Allowables for all wells shall be determined in a manner hereinafter prescribed.

(c) Allowables for water injection wells may be transferred to producing wells within the project area, as may be the allowables for producing wells which, in the interest of more efficient operation of the Project, are shut-in or are curtailed in their rate of production.

(d) The project allowable may be produced from any well or wells in the project area in any proportion, provided said rate of production is consistent with efficient operation of the Project and provided further, that no well shall produce in excess of two times the top unit allowable for the South Blanco-Tocito Oil Pool, or 300 barrels per day, whichever is greater.

(e) The allowable assigned to any water injection well, which 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 average daily rate of production during the last three months the well was produced prior to such conversion.

Conversion of producing wells to water injection, as abandonment of said producing wells is necessitated by water encroachment, shall be made only after approval of such conversion by the Secretary-Director of the Commission. To obtain such approval, the Project operator shall file proper application for conversion with the Commission, providing copies of said application to all interested parties. The Secretary-Director may approve the conversion to water injection if, within 20 days after receiving the application, no objection to said conversion is received. The Secretary-Director may grant immediate approval provided waivers of objection are received from all interested parties.

(f) The allowable assigned to any well which is to be shut-in or curtailed and which is to be transferred from said well to any other well or wells in the project area shall in no event exceed the ability of the well to produce oil as 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 under test shall be produced in the same manner and at a constant rate. The project operator shall notify all other operators in the South Blanco-Tocito Oil Pool, as well as the Commission, of the time such tests are to be conducted. Tests may be witnessed by representatives of the other operators and the Commission, if they so desire.

(g) The allowable assigned to any well in the Project shall be based upon the ability of the well to produce oil and shall be subject to the limiting gas-oil ratio (2000 to 1) for the South Blanco-Tocito Oil Pool, except that credit for daily average net water injected into the Tocito formation through any injection well or wells located within the project area may be applied to any well or wells producing with a gas-oil ratio in excess of two thousand cubic feet of gas per barrel of oil. Total credit for net water injected in the project area shall be the gas equivalent volume of the daily average net water injected during a one-month period. The daily average gas equivalent of net water injected shall be computed in accordance with the following formula:

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$$E_G = (V_{w \text{ inj}} - V_{w \text{ prod}}) \times 5.61 \frac{\text{ft}^3}{\text{bbl}} \times \frac{P_a}{15.025} \times \frac{520^\circ}{635^\circ} \times \frac{1}{Z}$$

where:

- E_G = Average daily gas equivalent of net water injected
- $V_{w \text{ inj}}$ = Average daily volume of water injected, barrels
- $V_{w \text{ prod}}$ = Average daily volume of water produced, barrels
- P_a = Average reservoir pressure at datum of -100 feet, psig \pm 11.5, as determined from most recent semi-annual survey.
- 15.025 = Pressure base, psi
- 520° = Temperature base of 60°F expressed as absolute temperature
- 635° = Reservoir temperature of 175°F expressed as absolute temperature
- Z = Supercompressibility factor for 0.7 gravity gas at average reservoir pressure, P_a , interpolated from supercompressibility tabulation below:

<u>Pressure</u>	<u>Z</u>	<u>Pressure</u>	<u>Z</u>
2000	0.845	1200	0.889
1900	0.849	1100	0.897
1800	0.853	1000	0.905
1700	0.857	900	0.914
1600	0.861	800	0.923
1500	0.865	700	0.932
1400	0.873	600	0.941
1300	0.881	500	0.950

Distribution of the total calculated average daily gas equivalent volume may be made to any well or wells with gas-oil ratios in excess of two thousand to one. The daily adjusted oil allowable for any such well receiving water injection credit shall be determined as follows:

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Well's
Adjusted Allowable =
$$\frac{(\text{Top unit allowable} \times 2000) \div \text{gas equivalent volume assigned to well}}{\text{Well's gas-oil ratio}}$$

provided however, that in no event shall the gas equivalent volume assigned to a well be such as to cause the well's adjusted allowable to exceed the top unit allowable for the pool.

(h) Each month the project operator shall, within three days after the normal unit allowable for Northwest New Mexico has been established, submit to the Commission a South Blanco-Tocito Water Injection Project Operator's Report, on a form prescribed by the Commission, outlining thereon the data required, and requesting allowables for each of the several wells in the Project.

(i) The Commission shall, upon review of the report and after any adjustments deemed necessary, assign allowables to each well in the Project for the next succeeding month in accordance with these rules.

(j) The Special Rules and Regulations for the operation of wells in the project area shall prevail as against the Special Rules and Regulations for the South Blanco-Tocito Oil Pool, if in conflict therewith.

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

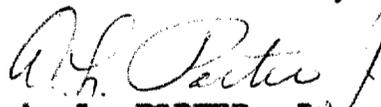
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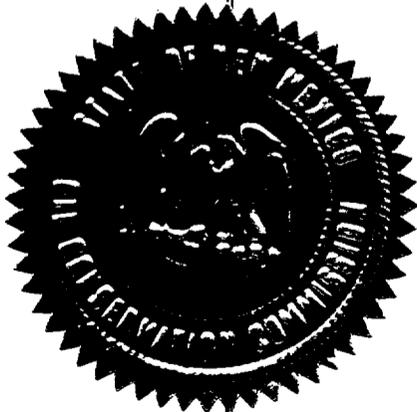
EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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



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