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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
TEXAS CONSOLIDATED OILS, INCORPORATED,)
FOR A PERMIT UNDER RULE 701 OF THE NEW)
MEXICO OIL CONSERVATION COMMISSION)
STATEWIDE RULES AND REGULATIONS FOR AN)
ORDER GRANTING APPROVAL TO INJECT WATER)
INTO THE GRAYBURG FORMATION UNDERLYING)
A PORTION OF THE SQUARE LAKE POOL IN)
EDDY COUNTY, NEW MEXICO, AND AN ORDER)
EXCEPTING CERTAIN OIL WELLS IN THE)
SQUARE LAKE POOL FROM THE PROVISIONS OF)
RULE 502 OF THE NEW MEXICO OIL CONSERVA-))
TION COMMISSION STATEWIDE RULES AND)
REGULATIONS.)

No. 1614

A P P L I C A T I O N

Texas Consolidated Oils, Incorporated, hereby makes application to the Commission for an order authorizing the injection of water in the Grayburg Formation and the San Andres Formation in the Square Lake Pool in Eddy County, New Mexico, and further makes application to the Commission for an order excepting the wells described hereinbelow from the provisions of Rule 502 of the New Mexico Oil Conservation Commission Statewide Rules and Regulations authorizing applicant to produce at capacity the wells located within and off setting the pilot water flood program outlined herein, and for which a permit is sought by this application. In support of this application, applicant respectfully submits and shows the following:

1. Attached hereto as Exhibit A and made a part hereof is a plat of the Square Lake Pool area showing the location of the proposed intake wells, the location of all oil and gas wells including drill wells and dry holes and the names of lessees

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within one-half mile of all intake wells and the name of each off set operator.

2. All wells within more than one-half mile of the proposed injection wells, as well as all wells within more than one-half mile of the proposed injection wells for a full scale flood operation, all as shown in Exhibit A attached hereto, are now producing from the Grayburg Formation and San Andres Formation, Permian Age. The Grayburg and the San Andres are the only formations producing in the immediate area involved in this application.

3. Injection will be made into the Grayburg encountered at an approximate depth of 3085 feet, and injection will be made into the San Andres encountered at an approximate depth of 3146 feet. The actual average thickness of the pay section of the Grayburg and the San Andres is not known, but it is estimated that the average thickness of these formations combined is approximately 35 feet in the area of the proposed project.

4. The casing program followed during the primary development of the Square Lake Pool was to set sufficient casing to protect the fresh water sands and to set the oil string from the surface to the top of the pay. The casing in each well as shown by Exhibit B has been tested and the present casing is satisfactory and will be used in its present condition. The casing program for the proposed injection wells is set forth more fully in Exhibit B attached hereto and made a part hereof.

5. Water will be injected into the Grayburg and San Andres and said water will be obtained from a shallow sand

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encountered from the surface to a depth of 400 feet. (Approval for the use of said water which will be obtained from United States lands has been obtained from the Regional Oil and Gas Supervisor, United States Geological Survey.) The area which is material to this application is not within the confines of an established water basin and no approval from the office of the State Engineer of the State of New Mexico is necessary.

6. It is estimated that the initial injection rate will be approximately 500 barrels per well per day.

7. The injection wells are located on state and federal leases owned by the applicant, and all of the injection wells will be operated by the applicant. The address of Texas Consolidated Oils, Incorporated, is Box 955, Andrews, Texas

8. The names and approximate locations of the four wells in which the injection is first proposed to be made as a pilot flood area are as follows:

- Etz "C" 1 NW/4 SE/4, Section 34, T16S, R30E
- Etz "E" 2 SE/4 NE/4, Section 34, T16S, R30E
- Etz "E" 3 NW/4 NE/4, Section 34, T16S, R30E
- Leonard 5 SE/4 NW/4, Section 34, T16S, R30E

9. The wells for which applicant requests an exception to Rule 502 of the New Mexico Oil Conservation Commission State-wide Rules and Regulations are as follows:

- Etz "C" 2 NE/4 SE/4, Section 34, T16S, R30E
- Etz "C" 3 SE/4 SE/4, Section 34, T16S, R30E
- Etz "C" 4 SW/4 SE/4, Section 34, T16S, R30E
- Etz "E" 1 SW/4 NE/4, Section 34, T16S, R30E
- Etz "E" 4 NE/4 NE/4, Section 34, T16S, R30E

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Leonard 3 SE/4 SW/4, Section 34, T16S, R30E
Leonard 6 SW/4 NW/4, Section 34, T16S, R30E
Leonard 7 NE/4 NW/4, Section 34, T16S, R30E
Leonard 8 NW/4 NW/4, Section 34, T16S, R30E

Applicant respectfully requests that this case be set for hearing before a trial examiner in Hobbs, New Mexico, unless the case can be sooner heard elsewhere by an examiner, in which event, the applicant requests the earlier setting.

Respectfully submitted,

TEXAS CONSOLIDATED OILS, INCORPORATED

By Paul R. Gregory

EDWARDS & REESE

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Hobbs, New Mexico
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