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BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
PHILLIPS PETROLEUM COMPANY FOR THE
APPROVAL OF THE WEST CAP QUEEN SAND
UNIT EMBRACING 1,680 ACRES, MORE OR
LESS, LOCATED IN TOWNSHIP 14 SOUTH,
RANGE 31 EAST, CHAVES COUNTY, NEW
MEXICO; FOR APPROVAL OF THE UNIT
AGREEMENT AND UNIT OPERATING AGREE-
MENT APPLICABLE TO SAID UNIT AREA;
AND FOR AUTHORITY TO WATERFLOOD THE
QUEEN SAND UNDERLYING SAID UNIT AREA.

CASE NO. 2673

APPLICATION

NOW COMES applicant Phillips Petroleum Company, a Delaware corpora-
tion with offices in Midland, Texas, and hereby makes application for the
approval of the West Cap Queen Sand Unit, Chaves County, New Mexico, and the
Unit Agreement and Unit Operating Agreement applicable to said Unit Area,
and for authority to waterflood the Queen Sand underlying said Unit Area,
and in support thereof shows:

1.

The proposed Unit Area covered by said Agreement embraces 1,680
acres, more or less, more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 14 S., R. 31 E.

Sec. 8: SE/4, SW/4 and E/2 NE/4, 400 acres
Sec. 16: SW/4 SW/4, 40 acres/
Sec. 17: All, 640 acres
Sec. 20: NE/4, 160 acres
Sec. 21: NE/4, NW/4, W/2 SE/4, and NE/4 SE/4,
440 acres

Situated in Chaves County, New Mexico.

The formation (and the only formation) within the proposed Unit
Area being unitized is that heretofore established underground reservoir
underlying the Unit Area and commonly known as the Queen Sand or Formation
of the Guadalupe series of the Permian system, being further identified in
the Unit Agreement as the producing sand found in Phillips Petroleum Company
Cleat Well No. 1, located in the SE/4 NE/4 of Section 17-14S-31E, Chaves County,
New Mexico, between the depths of 1,366 feet and 1,400 feet above sea level.

*W. Cochran
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2.

The lands embraced within the proposed Unit Area consist of State, Federal and fee lands.

3.

Applicant states that the Unit Agreement and Unit Operating Agreement will permit the producing area to be developed and operated in the interest of conservation and the prevention of waste of oil and gas.

4.

Applicant Phillips Petroleum Company is designated as Unit Operator in said Unit Agreement and as such is given authority under the terms thereof to carry on all operations necessary for the development and operation of the Unit Area and the Unitized Formation for the production of oil and/or gas, subject to all applicable laws and regulations.

5.

A copy of said Unit Agreement and the Unit Operating Agreement for the development and operation of the West Cap Queen Sand Unit Area, Chaves County, New Mexico, is filed herewith as Exhibit "1" and made a part hereof. Said Unit Agreement is in substantially the same form as agreements heretofore approved by the New Mexico Oil Conservation Commission and the Commissioner of Public Lands and by the United States Geological Survey; under this agreement the State of New Mexico and the United States will each receive their fair share of the oil and gas; and this Unit Agreement in all respects tends to prevent waste and promote conservation of oil and gas.

6.

The names and addresses of all of the working interest owners other than Phillips Petroleum Company are shown on Exhibit "2" attached hereto and made a part hereof.

7.

All of the working interest owners have executed the Unit Agreement and the Unit Operating Agreement, and all of the individual (fee) royalty owners have executed the Unit Agreement.

8.

Application is being made for the approval of said Unit Agreement by the Commissioner of Public Lands of the State of New Mexico and by the Director of the United States Geological Survey.

9.

Applicant has furnished the State Engineer the information required by Memorandum No. 5-58, dated January 31, 1958, as shown by Exhibit "3" attached hereto and made a part hereof.

10.

Applicant proposes to waterflood the said Unit Area for secondary recovery by injecting fresh water into the "Unitized Formation" as described in Paragraph 1 hereof in anticipated volumes of 300 to 400 barrels per day to be injected into each of seventeen injection wells, such water to be obtained from the 300-foot Ogallala sand from a source well to be located in SW/4 of Section 18, Township 14 South, Range 32 East or by purchase of Ogallala water in the same general vicinity. Applicant proposes to operate the waterflood project under the provisions of Rule 701.

11.

Attached hereto as Exhibit "4" and made a part hereof is plat showing the location of the proposed injection wells and the location of all other wells and the formation from which such wells are producing or have produced and indicating the lessees within a radius of two miles from the proposed injection wells. Filed herewith as Exhibits "5" through "18", inclusive, and made a part hereof are logs of fourteen of the proposed injection wells; no log was made or is available of two of the proposed injection wells, and a new well will be drilled as the seventeenth injection well. Attached hereto as Exhibit "19" and made a part hereof is a description of the casing program of the proposed injection wells.

WHEREFORE, applicant Phillips Petroleum Company respectfully requests that a public hearing be held before an Examiner in Santa Fe, New Mexico, on this application and that upon said hearing said Unit and the

Unit Agreement and Unit Operating Agreement applicable thereto be approved and authority to waterflood the Queen Sand underlying said Unit Area be granted by the Oil Conservation Commission.

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