



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

September 1, 1989

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Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9737
ORDER NO. R-3668-B

Applicant:

Phillips Petroleum Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD _____
Artesia OCD _____
Aztec OCD _____

Other _____

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9737
Order No. R-3668-B

APPLICATION OF PHILLIPS PETROLEUM
COMPANY TO AMEND DIVISION ORDER
NO. R-3668-A, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 23, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 31st day of August, 1989, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) By Order No. R-3668-A, dated June 15, 1989, the Division authorized the applicant, Phillips Petroleum Company, to initiate and conduct a pilot carbon dioxide injection project in its previously approved Maljamar Philmex Waterflood Project (Division Order No. R-3668), by the injection of carbon dioxide into the Grayburg formation, Maljamar Grayburg-San Andres Pool through its Philmex Well No. 38 to be located at an unorthodox location 1440 feet from the South line and 1340 feet from the West line (Unit K) of Section 26, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico.

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(4) The applicant was further authorized by said Order No. R-3668-A to drill two observation wells at unorthodox locations in said Section 26 as follows: Philmex Well No. 39 to be drilled 1552 feet from the South line and 1261 feet from the West line (Unit L) and Philmex Well No. 40 to be drilled 1702 feet from the South line and 1156 feet from the West line (Unit L).

(5) The applicant in the immediate case, Phillips Petroleum Company, seeks to amend said Order No. R-3668-A by changing the locations for the above-described Philmex Well Nos. 38, 39, and 40, and further to authorize carbon dioxide injection into the San Andres formation.

(6) The applicant presented evidence and testimony which indicates that the change in well locations is necessitated by surface obstructions and now proposes to locate the subject wells as follows: Philmex Well No. 38 to be drilled at an unorthodox location 1307 feet from the South line and 1245 feet from the West line (Unit M), the Philmex Well No. 39 to be drilled at an unorthodox location 1478 feet from the South line and 1175 feet from the West line (Unit L), and the Philmex Well No. 40 to be drilled 1682 feet from the South line and 1090 feet from the West line (Unit L), all in said Section 26.

(7) The proposed amended well locations will enable the applicant to efficiently initiate the carbon dioxide pilot project and should therefore be approved.

(8) The evidence presented in this case further indicates that carbon dioxide may also be injected into the San Andres formation at a later date, and therefore authorization to inject carbon dioxide into the San Andres as well as the Grayburg formation should be approved at this time.

(9) Decretory Paragraph No. (7) of said Order No. R-3668-A, incorrectly describes "disposal equipment" and should correctly read "injection equipment", and should therefore also be amended at this time.

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IT IS THEREFORE ORDERED THAT:

(1) Decretory Paragraph Nos. (1), (2), and (7) of Division Order No. R-3668-A are hereby amended to read in their entirety as follows:

"(1) The applicant, Phillips Petroleum Company, is hereby authorized to initiate and conduct a pilot carbon dioxide injection project in its previously approved Maljamar Philmex Waterflood Project, by the injection of carbon dioxide into the Grayburg/San Andres formation, Maljamar Grayburg-San Andres Pool, through its Philmex Well No. 38 to be drilled at an unorthodox location 1307 feet from the South line and 1245 feet from the West line (Unit M) of Section 26, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico.

(2) The applicant is further authorized to drill two observation wells at unorthodox locations in said Section 26 as follows: Philmex Well No. 39 to be drilled 1478 feet from the South line and 1175 feet from the West line (Unit L) and Philmex Well No. 40 to be drilled 1682 feet from the South line and 1090 feet from the West line (Unit L).

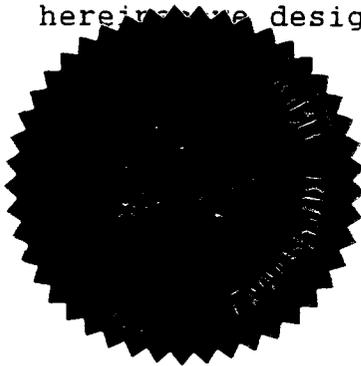
(7) The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment, of the initial step rate injection test, and of the mechanical integrity pressure test in order that the same may be witnessed. "

(2) All other provisions contained in said Order No. R-3668-A shall remain in full force and effect.

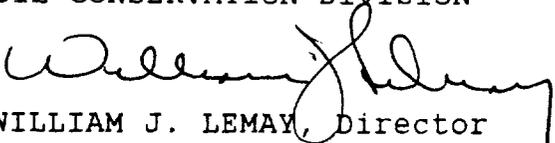
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY, Director