

Case Number
45 45

Application

Transcripts

Small Exhibits

ETC.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

June 2, 1971

EXAMINER HEARING

IN THE MATTER OF:)

Application of Shiprock Corporation)
for a waterflood project, San Juan)
County, New Mexico.)

Case 4545

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

1 MR. UTZ: Case 4545.

2 MR. HATCH: Application of Shiprock Corporation
3 for a waterflood project, San Juan County, New Mexico.

4 MR. STEVENS: I am Don Stevens of McDermott,
5 Kelly and Stevens, representing the applicant Shiprock Oil
6 Corporation. One witness shall be sworn.

7 MR. UTZ: Any other appearances? You may proceed.

8 (Witness was sworn.)

9 * * * * *

10 WILLIAM SKEEN,
11 a witness, having been first duly sworn according to law,
12 upon his oath testified as follows:

13 DIRECT EXAMINATION

14 BY MR. STEVENS:

15 Q Would you state your name, your position with the
16 applicant, please?

17 A William Earl Skeen, President, Shiprock Oil Corporation.

18 Q Could you give us your qualifications, your experiences
19 in the oil business and your educational background
20 pertinent to the oil business?

21 A Two years of College and I spent about the last twelve --
22 Well, I spent my life in the oil industry or affiliated
23 with it.

24 Q Could you particularize?

25 A I spent about twenty years with Chicago Pneumatic Tool

1 Tool Company. They are producers of rock drill bits so I spent
2 a lot of time on drilling rigs and then later I owned a machine
3 shop for a couple of years and, of course, I have come in
4 contact with production through that. Then later I had a
5 service company, used equipment.

6 For the last five years, I have had Shiprock Oil
7 Corporation. We have been developing this Shiprock production
8 up there in northwestern New Mexico.

9 MR. STEVENS: Are the witness's qualifications
10 acceptable to the Commission?

11 MR. UTZ: Yes, they are.

12 Q (By Mr. Stevens) Briefly, could you explain what the
13 applicant seeks in this application, 4545?

14 A Well, our production, we feel, is becoming marginal or
15 stripper production up there and from a high of something
16 like about 3600 barrels per month. A year and a half
17 ago this month, we got something like 1500 barrels.
18 Of course, it is very shallow production, 100 foot.

19 Q Basically, what is it you are asking the Commission?

20 A Permission to waterflood in order to create some
21 energy where we might increase our production.

22 Q Could you explain to the Commission the significance
23 of Exhibit No. 1?

24 A Well, this is a plat of our lease and the wells. Also
25 the wells we intend to use as injection wells. They are

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1 presently producing, but we are going to use them as
2 injection wells and that is on the lower end.

3 This particular area is cut off by a fault on the
4 south. It shales out on the east and north and the west --
5 it comes to surface about two to three miles west of this
6 field.

7 Q What is the legal description of this?

8 A Section 17 and 16, 29 North, 18 West, San Juan County.

9 Q What is the significance of your circled 17 on the
10 exhibit?

11 A Well, that is the center of Section 17. That represents
12 160 acres there. That is where most of it is concentrated.

13 Q Then every pie-shaped quarter section to the southwest,
14 would be the southwest quarter of that section, to the
15 northwest be the northwest quarter of the section,
16 northeast would be the northeast quarter?

17 A That's correct.

18 Q The southeast, the southeast quarter of that section?

19 A That's correct.

20 Q Your circles represent wells, is that right?

21 A That's right. Producing wells.

22 Q What formation are they producing from?

23 A They are producing out of the Gallup.

24 Q What depth?

25 A Anywhere from 66 feet down to 118 feet.

1 Q Is that sand or a limestone?

2 A Sand, Gallup Sand.

3 Q What is the thickness of that sand?

4 A About six feet.

5 Q What is the significance of your little squares on the
6 right-hand side of the plat?

7 A That is proposed injection wells. That is across the
8 lower end of the formation to the deepest part of the
9 formation. I intend to flood it back to the high end.

10 Q Would you describe the structure? You mentioned a fault
11 on the south.

12 A Yes.

13 Q Which way is the dip and could you describe the sand
14 body?

15 A It dips from west to east, approximately ten feet dip
16 for every 330 feet of distance, and we intend to inject
17 it on the lower end, as I say, and move the oil back
18 updip.

19 Q At this time, do you plan any other injection wells?

20 A Not at this time. We are going to start out initially
21 with those five with the rate of about forty to fifty
22 barrels per day for each well, which means that there is
23 not going to be any pressure, particularly, involved.

24 We'll just float it in there where it won't bypass
25 any oil in place.

- 1 Q This is forty to fifty barrels of fresh water per day?
- 2 A Fresh water per day.
- 3 Q What is the source of your fresh water?
- 4 A From the Dakota formation. This "X" up here in the
- 5 southwest of 17 represents the water well, injection
- 6 well. I mean, the producing well.
- 7 Q Do you have a gauge on the capacity of that well?
- 8 A Not yet. We have drilled a well, but we are waiting
- 9 for at outcome of this hearing in order to set pipe on
- 10 it.
- 11 Q There will be no pressure injection, it will just be
- 12 gravity injection?
- 13 A That's right. There is a fall about fifty feet from this
- 14 water well down at the lower end here and then I will pump
- 15 it out of there with my ordinary pumping unit. It will
- 16 be a closed system. It will come directly out of this
- 17 Dakota well and go directly into these other wells through
- 18 a closed system. It won't be exposed to any oxygen or
- 19 the atmosphere or anything.
- 20 Q Drill into the old producing wells as marked?
- 21 A That's right.
- 22 Q How much oil has the field made to date, approximately?
- 23 A Approximately 180,000 barrels.
- 24 Q Do you have any information as to how much might be
- 25 remaining left in the trap?

1 A That could be a good question. Probably three quarters
2 of a million barrels. It is a closed system.

3 Q Of course, you have no idea exactly how much this might
4 yield to you, is that correct?

5 A That's right, that's correct.

6 Q What are these wells currently producing?

7 A Like I say, last month they produced fifteen hundred
8 barrels.

9 Q Is that down from there original production?

10 A Yes. A year and a half ago they were at a high of
11 about thirty-six hundred barrels per month.

12 Q How many wells are currently producing in the field?

13 A About thirty-two producing right now. There are some
14 others that have pipe in them but we aren't producing
15 them at the moment.

16 Q So, that is approximately fifty barrels per well, per
17 month, is that correct?

18 A Yes, something like that.

19 Q Would you classify that as stripper production in the
20 strict sense of the word, stripper?

21 A Definitely, now.

22 Q In your opinion, Mr. Skeen, will approval of this
23 application result in increased production in the
24 field, a consequent reduction in waste and will it
25 protect correlative rights of the various overriding

1 royalty owners?

2 A If it is a successful flood, there isn't any doubt
3 about what it will.

4 MR. STEVENS: We have no further questions, Mr.
5 Examiner.

6 MR. UTZ: Any questions of the witness?

7 The injection will not be under pressure. It will
8 be gravity?

9 THE WITNESS: That's right, sir. We are going to
10 put it in there at such a slow rate, approximately two
11 barrels per hour, sir, because the engineers I have talked
12 to, I am not an engineer myself, but the engineers that I
13 consulted, that was their suggestion; don't put it in under
14 any pressure because if you do, that's shallow depth and very
15 permeable. This formation, particularly, certain sections
16 of it, and they said you would bypass a lot of our oil or we
17 may channel it or something else, so let it take its own course
18 and put it in there at a slow rate and let it start flooding,
19 moving the oil upstructure.

20 MR. UTZ: You would consider this a line flood?

21 THE WITNESS: Well, it's actually a peripheral flood.

22 MR. UTZ: It is a downdip?

23 THE WITNESS: Later on I may go around the north
24 side. You see these peripheral wells on the north.

25 Actually, at the moment, it will be a line flood, but then,

1 later on we would probably extend it around, if it is
2 successful down here.

3 MR. UTZ: Now, over in the west half of Section 17,
4 why is that not productive? Is it permeability pinchout or --

5 THE WITNESS: Well, actually, that formation is
6 coming to the surface. About two miles west of here you
7 come to the surface. That is the extremity of the San Juan
8 Basin over there and it comes to the surface. So, it
9 actually just pinches out or is not non productive sand.
10 You pick up a sand, but there isn't anything in it.

11 MR. UTZ: Tight sand?

12 THE WITNESS: No. Within the confines of this oil
13 field it is highly permeable.

14 MR. UTZ: What is going to happen to the oil that
15 might be pushed over into this sand? How are you going to
16 keep it from going over to the west?

17 THE WITNESS: Well, we are going to pick it up, of
18 course, we will keep a close check on it and if it starts
19 moving on us, we will put put us a -- we will flood it back
20 the other way, see. We will put us a water block in there.

21 MR. UTZ: Are there other questions?

22 MR. HATCH: Is that all one lease?

23 THE WITNESS: Yes, it's all Navajo Lease.

24 MR. HATCH: Is the name of the lease identified
25 in this application?

1 THE WITNESS: Actually, for our purpose, we have
2 broken down two leases, one of them is Navajo and the other
3 is Shiprock-Gallup, but it is all Navajo Lease.

4 MR. HATCH: Is it just one lease though, is what I am
5 getting at because there is some -- the Commission in their
6 transfer of allowables, don't allow them between one lease
7 to another unless it has been unitized or some agreement made
8 by the owners?

9 THE WITNESS: Actually, it is all one lease. For
10 our purpose we have it broken down into two sections because
11 we acquired half of it at a later date from *Shell* oil
12 Company, but it all belongs to Shiprock Oil Company and it's
13 all one lease.

14 MR. STEVENS: But different overriding royalty owners?

15 THE WITNESS: On the north side I think there's a
16 two and a quarter interest held by a party in Houston and on the
17 south side there is a sixteenth override held by Amerada-Hess.

18 MR. HATCH: I think the Examiner would like some
19 exhibits, at least one or something, showing the injection
20 well.

21 MR. STEVENS: The injection wells?

22 MR. HATCH: A schematic sketch, how you intend to
23 complete the injection well?

24 MR. STEVENS: We will be happy to submit them later,
25 but would you explain exactly how you propose -- now those are

1 currently producing oil wells, is that correct?

2 THE WITNESS: Yes. Well, they have four-and-a-
3 half-inch casing in them and three of them have pipe set
4 through the formation and perforated cemented from top to
5 bottom. Two of them have pipe set on top of the sand and
6 cemented and all five of them have been fracked and we intend
7 to bring our water line into the top.

8 I am going to take the tubing and rods out and
9 inject it directly into this four-and-a-half-inch casing into
10 the formation at the rate of about two barrels per hour.

11 MR. STEVENS: Do you plan, though, plastic coated
12 tubing or internally coated pipe or anything of that nature?

13 THE WITNESS: No, I will treat the water, if
14 necessary. I will have it checked and see what the compatability
15 is there and we will chemically treat it if necessary.

16 MR. STEVENS: There are no fresh water sands above
17 your producing formation?

18 THE WITNESS: No, nothing above it at all except
19 shale and lime.

20 MR. STEVENS: That is all.

21 MR. HATCH: Also need the name and location of each
22 of those wells. You may be able to give it right now.

23 THE WITNESS: I could if I had a map up here but it is
24 down in my car.

25 MR. UTZ: Will you supply us today, with the names

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1 and location of these injection wells?

2 THE WITNESS: Yes. I have it in the car but I didn't
3 bring it up. I have this plat.

4 MR. UTZ: Is this difference in overriding royalty
5 of any consequence to us, George?

6 MR. HATCH: If it is all one lease, but I am not
7 quite sure it is all one lease. I wish you would show the
8 ownership involved here. I do not think it is going to
9 cause any problem.

10 MR. STEVENS: It is one Navajo lease issued originally
11 to Shell Oil Company on one big lease, but I will be happy
12 to give you --

13 THE WITNESS: I think it was the originally,
14 Humble which, at that time was the Carter because that old lease
15 carries an eight royalty up there and that's an old, old
16 lease because now I think it's a sixth in those Indian areas
17 and the south side does carry a sixth.

18 MR. UTZ: Are there other questions? The witness
19 may be excused. Statements in this case? The case will be
20 taken under advisement.

21

22

23

24

25

1 STATE OF NEW MEXICO)
2)
3 COUNTY OF BERNALILLO)

4 I, Glenda Burks, Court Reporter, do hereby certify
5 that the foregoing and attached transcript of hearing before
6 the New Mexico Oil Conservation Commission was reported by me;
7 and that the same is a true and correct record of the
8 said proceedings to the best of my knowledge, skill and
9 ability.

10 Glenda Burks
11 Court Reporter
12
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22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the preceding hearing of Case No. 4545
25 heard by me on July 27, 1977
Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

June 30, 1971

GOVERNOR
BRUCE KING
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. Don Stevens
McDermott, Connelly & Stevens
Post Office Box 1904
Santa Fe, New Mexico

Re: Case No. 4545
Order No. R-4161
Applicant:
Shiprock Corporation

Dear Sir:

Enclosed herewith is a copy of the above-referenced Commission order recently entered in the subject case. Letter pertaining to conditions of approval and maximum allowable to follow.

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X
Artesia OCC
Aztec OCC X
State Engineer

Other State Engineer Office

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 4545
Order No. R-4161

APPLICATION OF SHIPROCK
CORPORATION FOR A WATERFLOOD
PROJECT, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 2, 1971,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 29th day of June, 1971, the Commission, a
quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, 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, Shiprock Corporation, seeks
authority to institute two waterflood projects in the Shiprock-
Gallup Pool by the injection of water into the Gallup formation
through five wells, located in Section 17, Township 29 North,
Range 18 West, NMPM, San Juan County, New Mexico.

(3) That the wells in the project areas are in an advanced
state of depletion and should properly be classified as "stripper"
wells.

(4) That the proposed waterflood projects should result in
the recovery of otherwise unrecoverable oil, thereby preventing
waste.

-2-

CASE NO. 4545
Order No. R-4161

(5) That the subject application should be approved and the projects should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shiprock Corporation, is hereby authorized to institute the two following waterflood projects in the Shiprock-Gallup Pool by the injection of water into the Gallup formation through the following five wells located in Section 17, Township 29 North, Range 18 West, NMPM, San Juan County, New Mexico:

SHIPROCK NAVAJO H WATERFLOOD PROJECT

Injection Wells:

Navajo 17-H Well No. 75, located 2302 feet from the North line and 665 feet from the East line.

Navajo 17-H Well No. 93, located 2630 feet from the North line and 350 feet from the East line.

SHIPROCK NAVAJO I WATERFLOOD PROJECT

Injection Wells:

Shiprock Gallup 17-I Well No. 1, located 2310 feet from the South line and 330 feet from the East line.

Shiprock Gallup 17-I Well No. 4, located 1980 feet from the South line and 495 feet from the East line.

Shiprock Gallup 17-I Well No. 6, located 1650 feet from the South line and 330 feet from the East line.

(2) That the subject waterflood projects shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations;

(3) That monthly progress reports of the waterflood projects herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

-3-

CASE NO. 4545

Order No. R-4161

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

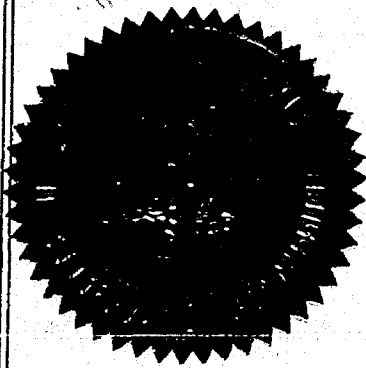
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

Alex J. Armiijo
ALEX J. ARMIJO, Member

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

S E A L



dr/

Case 4545

Hand 6-2-71

Rec. 6-8-71

Grant Shiprock oil Co. permission
to flood the Shiprock oil pool.
approve the 5 inspection wells
listed on the attached letter.

He also states that the releases
are common except as to O.R.

Bozatty

Hold order for diagrammatic
sketch.

Thurs Oct 7
OK to release
EZ

LAW OFFICES
McDERMOTT, CONNELLY & STEVENS

W. H. McDERMOTT
HARRY S. CONNELLY, JR.
DONALD G. STEVENS

P. O. BOX 1904
LINCOLN BUILDING
101 WEST MARCY
SANTA FE, NEW MEXICO 87501
TELEPHONE 505 983-7301

June 3, 1971

Mr. Elvis Utz
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Re: Case 4545

Dear Mr. Utz:

In response to your request for a list of injection wells in the application of Shiprock Oil Company to waterflood the Shiprock field, the following wells and descriptions will be converted to injection wells, if the application is approved. All wells are operated by Shiprock Oil Company:

Well No.	Location: Section 17, T. 29 N., R. 18 W.
H-75 Navajo	2310 FNL, 660 FEL - 2302 665
H-93 Navajo	2640 FNL, 330 FEL - 2630 - 350
I-33 Shiprock Gallup	2310 FSL, 360 FEL 2310SL, 330EL
I-54 Shiprock Gallup	1980 FSL, 495 FEL OK
I-73 Shiprock Gallup	1650 FSL, 330 FEL OK

Additionally, you requested information concerning the leaseholds in the field. There are two leases in the field, both from the Navajo Tribe; one lease with the Navajo Lease No. of 1040 encompasses the N/2 of Section 17; the other lease No. Navajo 5036 encompasses the S/2 of Section 17. Royalties and operating interests are the same in both leases but overriding royalty interests are different in each lease.

Mr. Skeen will be forwarding to you shortly a diagrammatic sketch of the injection wells.

Yours very truly,

Donald G. Stevens
Donald G. Stevens

DGS:sj
cc: Mr. Joe Skeen

17-I-1
17-I-6
17-I-4

*these
numbers
confirmed
by Don Stevens*

LAW OFFICES
McDERMOTT, CONNELLY & STEVENS

W. H. McDERMOTT
HARRY S. CONNELLY, JR.
DONALD G. STEVENS

P. O. BOX 1904
LINCOLN BUILDING
101 WEST MARCY
SANTA FE, NEW MEXICO 87501
TELEPHONE 505 983-7301

June 9, 1971

Mr. Elvis Utz
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

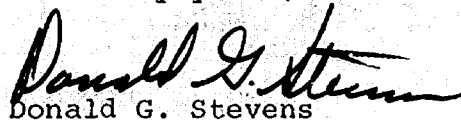
Re: Case 4545

Dear Mr. Utz:

Enclosed are two copies of a diagrammatic sketch of the proposed injection wells for the Shiprock Oil Corporation's Shiprock-Gallup Waterflood as per your request during the hearing of said case on Wednesday, June 2, 1971.

I believe this, in conjunction with the proposed injection wells previously sent you, completes the information requested by you.

Sincerely yours,


Donald G. Stevens

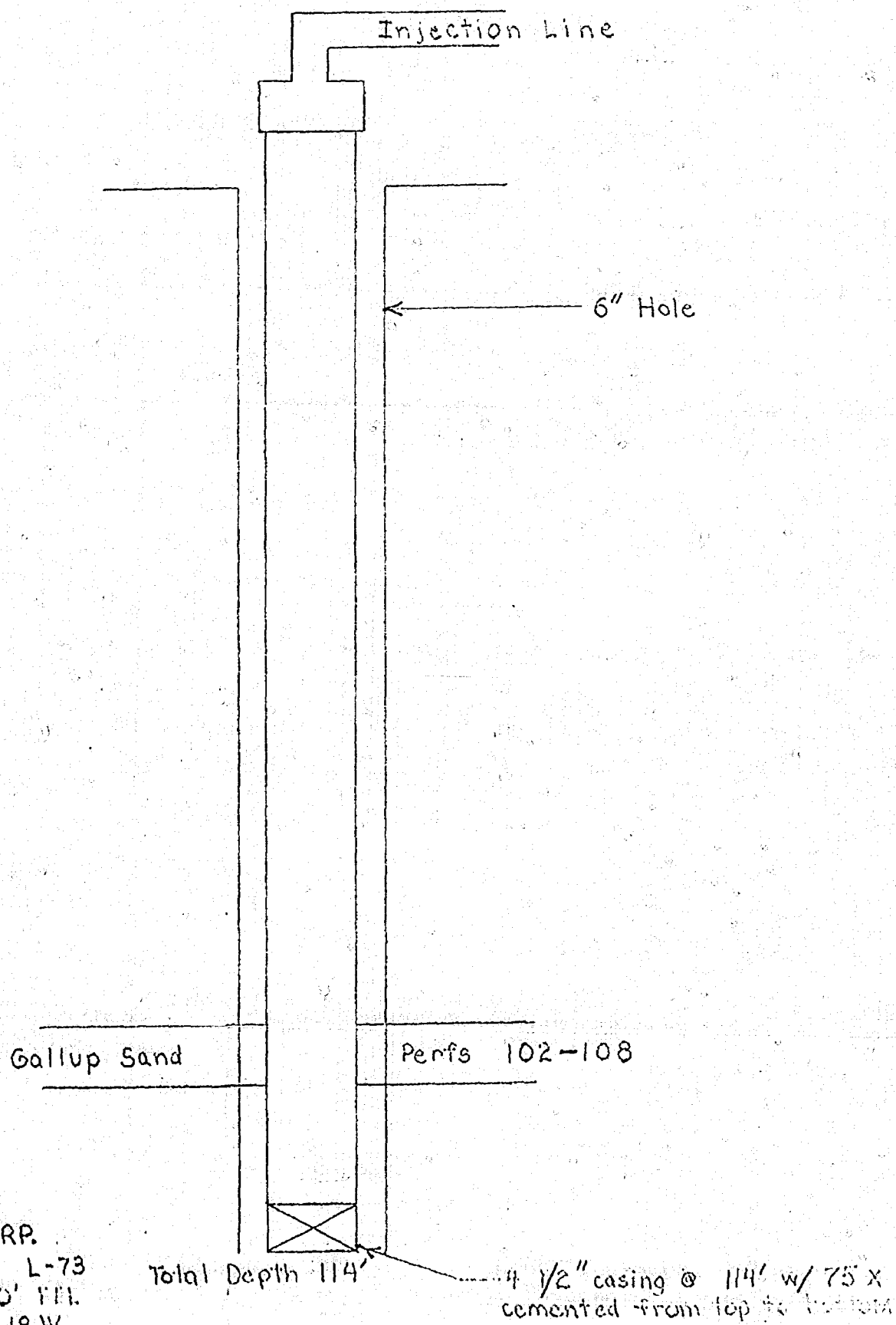
DGS:sj

Enclosures--2

Case No. 4545

DIAGRAMMATIC SKETCH
of Proposed Water FLOOD

OK



SHIPROCK OIL CORP.
SHIPROCK GALLUP L-73
1050' ISL. P 330' TEL.
SEC. 17 29N, 18W
SHIPROCK GALLUP POOL
SAN JUAN COUNTY, NEW MEXICO

Examiner Hearing
June 2, 1971

Docket No. 11-71

-2-

CASE 4544: Application of Rijan Oil Company, Inc., for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Dakota formation in the open-hole interval from 886 feet to 909 feet in its Rijan Well No. 15 located in Unit F of Section 31, Township 30 North, Range 16 West, Slick Rock-Dakota Pool, San Juan County, New Mexico.

CASE 4545: Application of Shiprock Corporation for a waterflood project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Shiprock-Gallup Pool by the injection of water into the Gallup formation through 5 wells located in Section 17, Township 29 North, Range 18 West, San Juan County, New Mexico.

CASE 4546: Application of Mobil Oil Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Langlie Mattix Queen Unit Well No. 39 as a producing oil well at an unorthodox location 900 feet from the South line and 215 feet from the East line of Section 15, Township 25 South, Range 37 East, Langlie Mattix Pool, Lea County, New Mexico, as an infill well in its Langlie Mattix Queen Unit Area.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 2, 1971

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 4528: (Continued from the April 28, 1971, Examiner Hearing)
Application of Franklin, Aston & Fair, Inc., for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose of water produced by its Coppedge Well No. 1-C located in Unit H of Section 5, Township 18 South, Range 30 East, Loco Hills-Grayburg-San Andres Pool, Eddy County, New Mexico, in an unlined pit in the vicinity of said well.
- CASE 4538: (Continued from the May 19, 1971, Examiner Hearing)
Application of Jack F. Grimm Oil Company for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104-C I of the Commission Rules and Regulations to drill a well at an unorthodox location 880 feet from the South line and 1500 feet from the West line of Section 20, Township 11 South, Range 29 East, White Ranch Siluro-Devonian Pool, Chaves County, New Mexico.
- CASE 4541: (Continued from the May 19, 1971, Examiner Hearing)
Application of Tenneco Oil Company for gas injection, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject casinghead gas produced by certain wells located in the Lone Pine-Dakota "D" Pool, McKinley County, New Mexico, into the Dakota A zone through perforations from 2547 feet to 2562 feet in its Santa Fe Pacific Railroad Well No. 2 located in the NW/4 SW/4 of Section 13, Township 17 North, Range 9 West, South Hospah Field. The gas is to be injected for storage purposes awaiting the institution of a pressure maintenance project in the Lone Pine-Dakota "D" Pool.
- CASE 4543: Application of Tank Service Company for authority to operate an oil treating plant, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to install and operate a heat-treatment type oil treating plant in the SE/4 SW/4 NW/4 SE/4 of Section 21, Township 17 South, Range 30 East, Eddy County, New Mexico, for the reclamation of sediment oil.

SHIPROCK CORPORATION
BOX 211
FARMINGTON, NEW MEXICO 87401

May 1, 1971

Mr. A. L. Porter, Jr.,
Oil & Gas Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

It is our desire to water flood wells in the Shiprock Gas Pool,
by injection, and shall appreciate your setting a hearing date and
letting us know the date.

Please give us the data and etc., so that we may prepare information
to present to you for your consideration.

Thanks,

Very truly yours,

SHIPROCK CORPORATION

BY: *Frances Cyres*
Bookkeeper

FC:fc

DOCKET MAILED

Date 5-20-71

SHIPROCK CORPORATION
BOX 211
FARMINGTON, NEW MEXICO 87401

MAY 13 1971

Chine 4545

May 10, 1971

Mr. George Hatch
Oil Conservation Commission
Santa Fe, New Mexico 87501

Re: Injection of water into
SHIPROCK GALLUP pool.

Dear Mr. Hatch:

We propose to flood the Gallup formation by injecting fresh water from the Dakota strata in order to stimulate production from our producing wells.

The Gallup zone in this area is producing from approximately 100' and we propose to drill a Dakota well or Morrison well which should come in above 1,000', to provide the necessary water. We plan to inject 50 barrels per day into each injection well.

We will provide logs on the injection wells, as designated on the enclosed plat.


There is no production within three miles of this Field.

We plan to use five low end producing wells as our injection wells, your records show casing strings, and etc. Logs will be available at the commission hearing.

We appreciate your cooperation.

Very truly yours,

SHIPROCK OIL CORPORATION


BY: W. E. Skeen
President

BS:fc

DOCKET MAILED

Date 5-20-71

DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

APPLICATION OF SHIPROCK
CORPORATION FOR A WATERFLOOD
PROJECT, SAN JUAN COUNTY,
NEW MEXICO.

CASE No. 4545

Order No. R-4161

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 2, 1971,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of June, 1971, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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, Shiprock Corporation, seeks authority
to institute ^{two} ~~a~~ waterflood projects in the Shiprock-Gallup Pool by
the injection of water into the Gallup formation through five
wells, located in Section 17, Township 29 North, Range 18 West,
NMPM, San Juan County, New Mexico.

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(3) That the applicant further seeks an administrative procedure whereby said project could be expanded to include additional injection wells in the area of the said project as may be necessary in order to complete an efficient injection pattern; that said administrative procedure should provide for administrative approval for conversion to water injection in exception to the well response requirements of Rule 701 E-5 of the Commission Rules and Regulations.

(3)(4) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(4)(5) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(5)(6) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations, ~~provided however, that the showing of well response as required by Rule 701 E-5 should not be necessary before obtaining administrative approval for the conversion of additional wells to water injection.~~

IT IS THEREFORE ORDERED:

(1) That the applicant, Shiprock Corporation, is hereby

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New Mexico:

Shiprock Navajo H

Injection Wells:

Navajo 17-H well No. 75, located

Nowajo 17-H well No. 93, located

Shiprock Navajo I route flood Project

Orientation walls:

PROVIDED HOWEVER, that the Secretary-Director of the Commission may approve expansion of the above-described waterflood project to include such additional injection wells in the area of said project as may be necessary to complete an efficient water injection pattern; that the showing of well response as required by Rule 701 E-5 shall not be necessary before obtaining administrative approval for the conversion of additional wells to water injection.

(3) That monthly progress reports of the waterflood projects herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

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(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

waterflood

No. of injection wells — 5 —

Loc. of ..

Sec 17

T 29 N

R 18 W

County San Juan —

Pool ✓

Hallup —

— 100 feet —

Adm. procedure? —

Value

50 BWD

loop —

CASE 4546: Application of MOBIL
OIL CORPORATION FOR AN UNORTHODOX
OIL WELL LOCATION, LEA COUNTY.