

CASE 3084: Application of FAIR
OIL CO. for a buffer zone
extension & pool redelineation.

INCLUDES
CASE-NEAR-TYPE
11/10/81

CASE NO.

3084

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 22, 1964

EXAMINER HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

IN THE MATTER OF: Application of Fair Oil
Company for a buffer zone extension and
pool redelineation, Eddy County, New Mexi-
co. Applicant, in the above-styled cause,
seeks an amendment of Order No. R-2033 to
extend the waterflood buffer zone author-
ized by said order to include the SE/4 NE/4
of Section 36, Township 17 South, Range 29
East, Eddy County, New Mexico. Applicant
further seeks the extension of the Loco
Hills Pool to include said quarter-quarter
section, and the associated deletion of
said acreage from the Grayburg-Jackson Pool.

Case No. 3084

BEFORE: DANIEL S. NUTTER, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please.
The next case will be 3084.

MR. DURRETT: Application of Fair Oil Company for a
buffer zone extension and pool redelineation, Eddy County, New
Mexico.

MR. RUSSELL: John F. Russell, Roswell, New Mexico, ap-
pearing on behalf of Fair Oil Company, and I have one witness.

(Witness sworn.)

(Whereupon, Applicant's Exhi-
bits Nos. 1 and 2 were
marked for identification.)

RICHARD L. RAY

called as a witness, having been first duly sworn on oath, was
examined and testified as follows:

DIRECT EXAMINATION

BY MR. RUSSELL:

Q Will you please state your name, address and by whom
you are employed and in what capacity?

A Richard L. Ray. I'm with Fair Oil Company, Vice Presi-
dent in charge of operations. I live in Tyler, Texas.

Q Have you previously qualified to testify before this
Commission?

A Yes, I have.

Q Are you familiar with the application Fair Oil Company



filed in Case 3084?

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A Yes.

Q What action do you seek from the Commission in connection with this application?

A We're asking that the Commission include the Southeast Quarter of the Northeast Quarter of Section 36 within the buffer zone of the North Loco Hills Cooperative Waterflood, and also that the field name, field designation be changed of the South Half of the Northeast, be changed from Grayburg-Jackson to Loco Hills.

Q I refer you to what has been identified as Exhibit No. 1 and ask you to explain what that shows.

A Exhibit 1 shows the lease ownership, the wells within a two-mile radius of the Fair Oil Company Well No. A-5. It shows the producing zone of all wells within a two-mile radius. It shows the outline of the present buffer zone of the North Loco Hills Cooperative Flood and also the buffer zone of the West Loco Hills Unit. The West Loco Hills buffer zone is shown in yellow, orange, the North Loco Hills buffer zone in green crosshatched.

Q Is the acreage in question here part of State Lease B-2023?

A That is correct. The State Lease B-2023 is made up of the South Half of the Northeast Quarter and the North Half of the Southeast Quarter of Section 36.



Q Now, the North Half of the Southeast Quarter is presently in the buffer zone and has capacity allowable, does it not?

A That is correct.

Q Was the South Half of the Northeast Quarter involved in Case No. 2336?

A No, it was not. We discussed it at the time of the application and decided that since there was no production on this part of the lease at that time that we would not request buffer zone treatment until it was needed.

Q But the North Half of the Southeast was included in the buffer zone by Order R-2033 entered in Case 2336?

A That is correct.

Q At the time of that hearing was there a producing well on the South Half of the Northeast Quarter of Section 36?

A No.

Q Was there an abandoned or plugged well?

A There was a plugged well which had been drilled in 1940 and abandoned because of mechanical difficulties.

Q Will you briefly explain what you did to recomplete or rework that well?

A In May of 1964 we re-entered this well, attempted to get back in the old hole, did go back in the old hole to 1400 feet where we got out of the old hole, were unable to get back into the old



casing and redrilled it from that point. We drilled it on to the Premier 3,050 or 60 feet.

Q And that is your 85 well which you are referring to in the Southeast corner of the South Half, Northeast Quarter?

A That is correct. The well was cased to bottom and perforated the Loco Hills Zone 4. It was completed in that zone.

Q What has been to the present time your production history of that well?

A Immediately after frack it flowed 130 barrels a day. It has declined and is making some water. At the present time, of course, it is under statewide allowable, 37 barrels a day, and is making, well, it indicates that it will make some more than this. We would estimate that the well at the present time would make about 45 barrels of oil, 45 to 50 barrels of oil, and around 45 or 50 barrels of water. This water could be frack water since it was fracked with 12,000 barrels of water.

Q Referring you to your Exhibit No. 1, Ambassador's well L-3, which is a direct offset, what type of well is that?

A That is a producing well.

Q And it is producing at capacity allowable, is it not?

A That is correct.

Q And how about their No. 6, which is a diagonal offset to your No. 85?

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PHONE 243-6691



A That is a producing well. At the present time it is making less than 37 barrels a day. In fact, it's making practically nothing, however, it has not been stimulated. In May the production averaged about a barrel of oil a day.

MR. NUTTER: That's the No. 6?

A Yes. It is my understanding that they do plan to fracture this well in the near future.

Q Referring you to, I believe it's General American's No. 17 well, which is a diagonal offset to your A-5 well, what type of well is that?

A This is a joint line injection well. Fair Oil Company, General American and Ambassador drilled this well jointly and are at the present time injecting 695 barrels per day of water. Cumulative injection into that well to May is 439,534 barrels of water.

Q At the present time, then, your A-5 well in the Southeast corner of the South Half of the Northeast Quarter of Section 36 is diagonally offset by two wells which are producing at capacity directly offset by one producing at capacity and directly offset by an injection well, is it not?

A That is correct.

Q In your opinion would the granting of this application protect correlative rights on the basis of these various offsets

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ALBUQUERQUE, N. M.
PHONE 241-2641

and the injection well?

A Yes, it would.

Q You are not asking that the Southwest Quarter of the Northeast Quarter of Section 36 be included in the buffer zone at this time?

A No, we're not asking that at this time.

Q What is the reason for that?

A There is no production on that 40 at this time, the Loco Hills sand Zone 4 of the Grayburg loses porosity and permeability as it goes north and west and we will present an isopach which shows that it very likely would not be commercial on this 40. Of course, there is a possibility of subsequent drilling in production history of the wells that are now changing our thinking on it, but that is the presumption at this time.

Q There is no proposal for an injection well in the acreage which you are asking to be placed in the buffer zone at this time, is there?

A Not at this time, no.

Q In the event the application is not granted, will this cause an economic hardship on Fair Oil Company?

A Very definitely, in that this is one lease, and without similar treatment for this tract we will have to make separate pipeline connections, separate tank batteries, and will increase



the operating cost substantially.

Q And your well A-5 is on the same lease as the North Half of the Southeast Quarter which has buffer zone treatment?

A That is correct.

Q I'll refer you to Exhibit 2 and ask you what that shows.

A Exhibit 2 is an isopach map, in fact, it is the original isopach map presented by Ambassador at the time of our original application for waterflood permission, with subsequent wells spotted in red, with the sand thickness denoted underneath the well. It is presented to show that the subsequent drilling has proved the sand thickness and the geology we had in 1961 was essentially correct. There have been no substantial changes.

Q In your opinion is your well A-5 producing from the Zone 4 of the Loco Hills formation?

A Yes. Zone 4, as it is sometimes called, or the Zone 4 of the Grayburg or the Loco Hills sand is very easily identified. It comes in approximately 130 feet below the pink line. It's not close to any other productive zone. It's 120 or 30 feet below this that the Metex comes in, so there is no question that this is the same zone.

Incidentally, State 5 got the top of the Zone 4 at 2731 from the surface, or 834 above sea level, which is identical, and the Newmont 3-A, this sand is found at 2725 from the surface or 837

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feet above sea level. The Beeson F well is injecting into the same zone at 2745 or 825 approximately, 825 feet above sea level. I say approximately because I don't have the exact elevation of this well. It was estimated. All of these depths are identical. We have a clear marker so there can be no question but that this is the same zone that is being flooded to the south and to the east.

Q Have you received copies of letter directed to the Commission from General American Oil Company of Texas and Ambassador Oil Corporation indicating their concurrence or approval of your application?

A We discussed this with them and have received copies of letters sent to the Commission.

Q In your opinion will the granting of this application protect correlative rights and prevent economic waste?

A It will.

Q Were Exhibits 1 and 2 prepared by you or under your direction?

A They were prepared by me and under my direction.

MR. RUSSELL: I offer Applicant's Exhibits 1 and 2.

A Of course, the Ambassador isopach, of course, was prepared by Ambassador, but it was corrected by me.

Q Was Exhibit 2, which is the isopach, the same one which



was introduced in Case 2336 brought up-to-date with the additional information you have had since then?

A It is.

MR. RUSSELL: I offer Applicant's Exhibits 1 and 2 in evidence.

MR. NUTTER: Fair's Exhibits 1 and 2 will be admitted in evidence.

(Whereupon, Applicant's Exhibits 1 and 2 were offered and admitted in evidence.)

MR. RUSSELL: I have no further questions.

MR. NUTTER: Does anyone have any questions of Mr. Ray?

CROSS EXAMINATION

BY MR. NUTTER:

Q What is the current producing rate of No. 1, 3 and 7?
I may have missed it if you gave it.

A No. 1 is making 41 barrels of oil, 512 barrels of water. No. 3 is making 63 barrels of oil and 233 barrels of water. Well No. 7 is making 12 barrels of oil and 27 barrels of water.

MR. NUTTER: Are there any further questions of Mr. Ray?
He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Russell?

MR. RUSSELL: I have nothing further.



MR. NUTTER: Does anyone have anything they wish to offer in Case 3084? We will take the case under advisement.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 28th day of July, 1964.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3084, heard by me on July 22, 1964.
Samuel [Signature], Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, N. M.
PHONE 243-6691



DRAFT

JMD/esr
July 30, 1964

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:

CF Subj. _____

CASE No. 3084

Order No. R-2759

NOMENCLATURE

APPLICATION OF FAIR OIL COMPANY
FOR A BUFFER ZONE EXTENSION AND
POOL REDELINEATION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
July 22, 1964, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this July day of July, 1964, 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, Fair Oil Company, seeks amendment
of Order No. R-2033 to extend the waterflood buffer zone author-
ised by said order to include the SE/4 NE/4 of Section 36, Town-
ship 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

(3) That the applicant also seeks ~~the~~ extension of the
Loco Hills Pool to include said acreage and deletion of said
acreage from the Grayburg-Jackson Pool.

(4) That the applicant's State A Well No. 5 is located in
the SE/4 NE/4 of said Section 36 and is producing from the Loco
Hills Pool.

(5) That the applicant's State A Well No. 5 is diagonally offset by a water injection well to the southeast and directly offset by a producing well to the east, ~~which are located in the North Loco Hills Buffer Zone~~ and has received a response from the waterflood operations being conducted in ~~said buffer zone~~ *the North Loco Hills Buffer Zone.*

(6) That the SE/4 NE/4 of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, should be included within the horizontal limits of the Loco Hills Pool and deleted from the horizontal limits of the Grayburg-Jackson Pool.

(7) That in order to afford the applicant the opportunity to produce its just and equitable share of the oil in the Loco Hills Pool, Order No. R-2033 should be amended to extend the waterflood buffer zone authorized by said order to include the SE/4 NE/4 of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

That approval of the proposed extension of the North Loco Hills Buffer zone
(8) ~~That approval of the subject application~~ should result in the recovery of otherwise unrecoverable oil from the Loco Hills Pool, thereby preventing waste.

IT IS THEREFORE ORDERED:

(1) That Order No. R-2033 is hereby amended by extending the waterflood buffer zone authorized by said order to include the SE/4 NE/4 of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) That the horizontal limits of the Loco Hills Pool are hereby extended to include the SE/4 NE/4 of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

(3) That the horizontal limits of the Grayburg-Jackson Pool are hereby contracted by deleting the SE/4 NE/4 of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

(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.

AMBASSADOR OIL CORPORATION

AMBASSADOR BUILDING
3109 WINTHROP P. O. Box 9338
FORT WORTH 7, TEXAS

Case 3684
MAIN OFFICE OCC

C. HARRISON COOPER
PRESIDENT
CHIEF EXECUTIVE OFFICER

1964 JUN 29 AM

CABLE ADDRESS
FRANCO, FORT WORTH

June 25, 1964

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. Dan Nutter, Chief Engineer

Gentlemen:

We understand that the Fair Oil Company has recently completed their State of New Mexico "A" No. 5 located 1650' FSL, 330' FEL of lease in Section 36, T-17S, R-29E, Eddy County, New Mexico. The well was completed as an oil producer from the Loco Hills Sand member of the Grayburg-J formation and is a direct offset to the waterflood program being conducted by Fair, General American and Ambassador Oil Corporation.

This well is located between the capacity allowable flood immediately adjoining it and the formation pinchout to the north; therefore we urge the Commission to grant Fair's request for the well to be allowed to produce at capacity by placing it in a "buffer zone". The Commission has granted such request in this manner before, and it appears to be the most logical and reasonable way to handle the situation in this application.

Would you please enter this letter as testimony in support of Fair's application at the hearing. Thank you in advance.

Yours very truly,

E. A. Riley
Assistant Vice-President
Manager of Secondary Recovery Div.

EAR/hb

CC: Mr. Jack Russell
Attorney-at-law
Roswell, New Mexico

DOCKET MAILED

Date 7/8/64
JR

GENERAL AMERICAN OIL COMPANY OF TEXAS

MEADOWS BUILDING

DALLAS 6 TEXAS

July 7, 1964

MAIN OFFICE OCC

1964 JUL 9 PM 1:29

Handwritten:
Hickory
Cane file

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

It is our understanding that Fair Oil Company has made application to the commission for the SE/4 NE/4; Section 36, R-29-E, T-17-S, Eddy County, New Mexico, a portion of their state Lease No. B-2023 to be included in the Loco Hills Sand Pool and also to be included in the waterflood buffer zone established in the Loco Hills Sand Pool. General American wishes to advise by this letter that we have no objections to the above described lands being included in the Loco Hills Sand Pool and also being included in the waterflood buffer zone.

Yours Very Truly,

Handwritten signature: Kent Nicholson

Kent Nicholson,
Engineer

KN:lw

cc: R. L. Ray
Fair Oil Co.
P. O. Box 689
Tyler, Texas

John F. Russell
P. O. Drawer 640
Rosewell, New Mexico

File (2) C-1, PLW-1

MAIN OFFICE OCC

1964 JUN 30 PM 2 BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
FAIR OIL COMPANY TO AMEND ORDER NO.
R-2033 TO INCLUDE THE SE $\frac{1}{4}$ NE $\frac{1}{4}$ OF SEC-
TION 36, TOWNSHIP 17 SOUTH, RANGE 29
EAST, IN THE BUFFER ZONE PROVIDED BY
SAID ORDER AND TO REDESIGNATE SAID
TRACT AS BEING IN THE LOCO HILLS POOL
OF EDDY COUNTY, NEW MEXICO.

No. 3084

APPLICATION

COMES NOW Fair Oil Company by John F. Russell, its attorney, and states:

1. The Oil Conservation Commission of the State of New Mexico entered its Order No. R-2033 in Case No. 2336 on July 6, 1961. Said Order designated the N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 36, Township 17 South, Range 29 East as a buffer zone.

2. Applicant's State 5-A Well located 330 feet out of the Southeast corner of the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 36, Township 17 South, Range 29 East, is diagonally offset by a water injection well and Ambassador's L-3 Well, directly offsetting Applicant's State 5-A Well, has received response from offsetting injection wells.

3. Applicant's State 5-A Well is producing from the same formation from which the offset buffer zone and waterflood projects are producing and the nomenclature of the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 36, Township 17 South, Range 29 East, should be changed from the Grayburg Jackson Pool to the Loco Hills Pool.

4. Applicant attaches hereto a plat designated as Exhibit 1, showing the location of Applicant's well, location of all other

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Date 7/8/64 *DL*

...ls within a radius of two miles of said well, and the formation
... which said wells are producing or have produced. The plat
... also indicates the lessees within said two-mile radius and the
... present status of the offset flood projects.

5. That the granting of this Application would be in
the interest of increasing ultimate recovery and of producing oil
which otherwise might not be recovered.

WHEREFORE, Applicant requests that the Commission set
this matter down for hearing before its examiner, publish notice
as required by law, and, after hearing, issue its order amending
Order R-2033 as prayed for herein.

Respectfully submitted,

FAIR OIL COMPANY

By

John J. Russell
P. O. Drawer 640
Roswell, New Mexico 88201

Applicant's Attorney

June 30, 1964

MAIN OFFICE OCC

LAW OFFICES OF
JOHN F. RUSSELL

SUITE 1010 SECURITY NATIONAL BANK BUILDING
P. O. DRAWER 640
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-4641
AREA CODE 505

1964 JUL 10 AM 7:56

July 9, 1964

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

ATTN: Miss Ida Rodriguez

RE: Application of Fair Oil Company
Case No. 3084

Dear Ida:

I enclose herewith three copies of Exhibit 1
to be attached to the application in the above numbered
case.

Thank you for your courtesy in handling this
for me.

Very truly yours,

John F. Russell
John F. Russell

JFR:np

Enclosures

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 22, 1964

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

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

- CASE 3081: Application of Shell Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Langlie-Mattix Pool by the injection of water through four wells at unorthodox locations in Section 21, Township 24 South, Range 37 East, Lea County, New Mexico.
- CASE 3082: Application of Union Oil Company of California for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation through perforations from 11,246 feet to 11,285 feet in its State-Gross Well No. 2 located in Unit L of Section 11, Township 12 South, Range 32 East, East Caprock Field, Lea County, New Mexico.
- CASE 3083: Application of General American Oil Company of Texas for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Premier Sand through twelve wells located in Sections 27, 28, 33 and 34, Township 17 South, Range 30 East, Eddy County, New Mexico. Certain of the aforesaid injection wells would be drilled at unorthodox locations.
- CASE 3084: Application of Fair Oil Company for a buffer zone extension and pool redelineation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of Order No. R-2033 to extend the waterflood buffer zone authorized by said order to include the SE/4 NE/4 of Section 36, Township 17 South, Range 29 East, Eddy County, New Mexico. Applicant further seeks the extension of the Loco Hills Pool to include said quarter-quarter section, and the associated deletion of said acreage from the Grayburg-Jackson Pool.
- CASE 3085: Application of Humble Oil & Refining Company for two non-standard oil proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two non-standard 80-acre oil proration units in Section 7, Township 19 South, Range 35 East, Scharb Bone Springs Pool, Lea County, New Mexico. The first unit would comprise the NW/4 NE/4 and the NE/4 NW/4 of Section 7 and be dedicated to applicant's Alves Well No. 1 located in Unit B of said Section 7. The second unit would comprise the SW/4 NE/4 and the SE/4 NW/4 of Section 7 and be dedicated to applicant's Alves Well No. 2, which would be drilled in Unit G of said Section 7.
- CASE 3086: Application of Texaco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Rhodes Yates Oil Pool by the injection of water into the Yates and Seven Rivers formations through two wells in Section 26, Township 26 South, Range 37 East, Lea County, New Mexico.

Examiner Hearing - July 22, 1964

- CASE 3087:** Application of William A. and Edward R. Hudson for an unorthodox location, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to drill their Puckett "A" Well No. 26 at an unorthodox location 1295 feet from the North and West lines of Section 24, Township 17 South, Range 31 East, Eddy County, New Mexico. Said well would be projected to the Paddock formation at approximately 5400 feet.
- CASE 3088:** Application of Phillips Petroleum Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Ranger Lake Unit Area comprising 2,680 acres, more or less, of State land in Township 12 South, Range 34 East, Lea County, New Mexico.
- CASE 3089:** Application of Phillips Petroleum Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Ranger Lake-Pennsylvanian Pool in its Ranger Lake Unit Area by the injection of water into the Pennsylvanian formation through nine wells in Sections 14, 23, 24, 25, 26, 27, 34 and 35, Township 12 South, Range 34 East, Lea County, New Mexico.
- CASE 3090:** Application of Tenneco Oil Company for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Pictured Cliffs formation through its Callow Well No. 2 located in Unit B, Section 33, Township 29 North, Range 13 West, West Kutz-Pictured Cliffs Pool, San Juan County, New Mexico.
- CASE 3091:** Application of The British-American Oil Producing Company for a dual completion and pool commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its North Wilson Deep Unit Well No. 1, located in Unit D of Section 31, Township 20 South, Range 36 East, Lea County, New Mexico, to produce oil from the Upper Bone Spring formation and the Lower Bone Spring formation through parallel strings of tubing. Applicant further seeks authority to commingle the production from said pools after separately metering the Lower Bone Spring production.
- CASE 3092:** Application of The British-American Oil Producing Company for the creation of a new oil pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Upper Bone Spring production for its North Wilson Deep Unit Well No. 1, located in Unit D of Section 31, Township 20 South, Range 36 East, Lea County, New Mexico, which well is perforated from 7888 to 7901 feet. Applicant further seeks the promulgation of special rules for said pool, including a provision for 80-acre proration units.
- CASE 3093:** Application of The British-American Oil Producing Company for the creation of a new oil pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Lower Bone Spring production for its North Wilson Deep Unit Well No. 1, located in Unit D of Section 31, Township 20 South, Range 36 East, Lea County, New Mexico, which well is perforated from 10,094 to 10,122 feet. Applicant further seeks the promulgation of special rules for said pool, including a provision for 80-acre proration units.

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. 3084
Order No. R-2759
NOMENCLATURE

APPLICATION OF FAIR OIL COMPANY
FOR A BUFFER ZONE EXTENSION AND
POOL REDELINEATION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 22, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 3rd day of August, 1964, 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, Fair Oil Company, seeks amendment of Order No. R-2033 to extend the waterflood buffer zone authorized by said order to include the SE/4 NE/4 of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

(3) That the applicant also seeks extension of the Loco Hills Pool to include said acreage and deletion of said acreage from the Grayburg-Jackson Pool.

(4) That the applicant's State A Well No. 5 is located in the SE/4 NE/4 of said Section 36 and is producing from the Loco Hills Pool.

(5) That the applicant's State A Well No. 5 is diagonally offset by a water injection well to the southeast and directly

-2-

CASE No. 3084

Order No. R-2759

offset by a producing well to the east, and has received a response from the waterflood operations being conducted in the North Loco Hills Buffer Zone.

(6) That the SE/4 NE/4 of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, should be included within the horizontal limits of the Loco Hills Pool and deleted from the horizontal limits of the Grayburg-Jackson Pool.

(7) That in order to afford the applicant the opportunity to produce its just and equitable share of the oil in the Loco Hills Pool, Order No. R-2033 should be amended to extend the waterflood buffer zone authorized by said order to include the SE/4 NE/4 of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

(8) That approval of the proposed extension of the North Loco Hills Buffer Zone should result in the recovery of otherwise unrecoverable oil from the Loco Hills Pool, thereby preventing waste.

IT IS THEREFORE ORDERED:

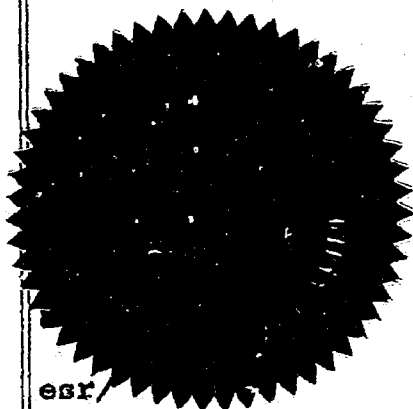
(1) That Order No. R-2033 is hereby amended by extending the waterflood buffer zone authorized by said order to include the SE/4 NE/4 of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) That the horizontal limits of the Loco Hills Pool are hereby extended to include the SE/4 NE/4 of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

(3) That the horizontal limits of the Grayburg-Jackson Pool are hereby contracted by deleting the SE/4 NE/4 of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

(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

Jack M. Campbell
JACK M. CAMPBELL, Chairman

E. S. Walker
E. S. WALKER, Member

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

esr/

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. B. JOHNNY WALKER
MEMBER

P. O. BOX 871
SANTA FE

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY • DIRECTOR

August 3, 1964

Mr. Jack Russell
Attorney at Law
Post Office Drawer 640
Roswell, New Mexico

Re: Case No. 3084
Order No. P-2759
Applicant:
Fair Oil Company

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, JR.
Secretary-Director

lr/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Astec OCC

OTHER Mr. Frank Tchy ✓