

DATE OF APPROVAL OF ARTIST
PRODUCTION COMPANY FOR SALE WATER
PROCESSED BY INDUSTRIAL NEW ARKANSAS

Case Number

4030

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
February 5, 1969

EXAMINER HEARING

IN THE MATTER OF:)

Application of Argus Production Company) Case No. 4030
for salt water disposal, Lea County, New)
Mexico.)

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 5, 1969

EXAMINER HEARING

IN THE MATTER OF:

Application of Argus Production Company) Case No. 4030
for salt water disposal, Lea County, New)
Mexico.)

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: We will call the next case, 4030.

MR. HATCH: Case 4030. Application of Argus Production Company for salt water disposal, Lea County, New Mexico.

MR. GRAHAM: George A. Graham, Jr., appearing for Argus Production Company. We have a witness, Mr. Wallace, to be sworn.

(Whereupon, Applicant's Exhibits 1 through 3 were marked for identification.)

(Witness sworn.)

ROBERT R. WALLACE

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

DIRECT EXAMINATION

BY MR. GRAHAM:

Q Will you state your name, please, sir?

A Robert R. Wallace.

Q Where do you live, Mr. Wallace?

A Dallas, Texas.

Q And what is your occupation?

A I am a petroleum engineer consultant.

Q Have you previously testified here in New Mexico?

A No, I haven't.

Q Would you briefly state your educational qualifications and background?

A I graduated from the University of Texas in 1949 and worked for Seaboard Oil Company of Delaware at various engineering capacities for approximately ten years; worked for Buffalo Petroleum Corporation as assistant to the President for approximately two years, and have been self employed as consultant since 1960.

Q Would you tell the Examiner generally what you want to do?

A Well, in order to eliminate the pits on Argus Production Company, J. T. Lynn lease in Section 28, we desire to convert well number 3 on that lease for water disposal purposes.

Q Now, you are referring to Exhibit No. 1 here? Will you explain that?

A This water will be injected into the Seven Rivers Reef Section of that particular well, which is now below a bridge plug.

Q Now, would you tell what Exhibit No. 2 is?

A Which Exhibit is it?

Q The log.

A The log? That is a radioactive log of the well -- subject well, showing the present perforated intervals and present producing intervals indicates that there is a bridge plug set above the perforations that are in the Seven Rivers interval and the well is now perforated in the Yates interval.

Q Now, would you tell us what Exhibit No. 3 is?

A Exhibit No. 3 is a diagrammatic sketch which delineates the proposed completion of this well for injection purposes. It would be proposed to run tubing of adequate diameter to permit injection below a packer which we would plan to set at approximately 35 - 45 feet.

Q And you prepared Exhibit 1 and 3?

A Right.

Q And how about Exhibit 2, the log?

A The log, of course, was run by the Service Company, Lane Wells Company.

Q Now, would you tell us the source and volume of water, what you want to do with it, where you want to inject it?

A Well, the source of the water will be from the remaining wells on this particular lease, wells 1, 2 and 4; approximate volume would be 1500 barrels per day; could

be slightly in excess of that and it would be our -- it is the intent here to complete number 3 as an injection well, which will take the water on a gravity.

Q Now, are you familiar with the other production in that vicinity?

A Yes. Most of the -- all of the wells within a mile, I would say, are classified as Jalmat and completed either in the Yates or the Seven Rivers, or both. These wells to the east in Section 26, the northeast well in 27 and then wells in 22 and 23 are classified as Langlie-Mattix completions, and they are completed in a lower geological interval.

Q I might, at this point, Mr. Nutter, ask that you accept Mr. Wallace's qualifications.

MR. NUTTER: He's qualified.

Q (By Mr. Graham) This proposed injection, in your opinion, will it cause any adverse affect on any production in the area?

A I would not anticipate any adverse affect or benefit either. This is -- the production from this immediate area is from the -- or at least the Seven Rivers production where we propose to inject it, is from strong water drive reservoir, and virtually all the wells that I

am familiar with which would include the immediate offsets are pumped at the capacity of the mechanical equipment, and not necessarily the capacity of the wells.

Q You did say you anticipate this to be a gravity flow?

A It would be the intent to complete it as such to the extent that if the intervals that are presently perforated and do not accept it, we would propose to drill the shoe and open additional sections of open hole looking for a good porous zone that would take the water.

Q Would you explain how you intend to complete this injection well?

A Well, what we intend to do would be go in and drill the first bridge plug.

Q Referring to Exhibit 3?

A All right. Well, I have to go back to the log, which shows that bridge plug at 3550; we would then test the injectivity and treat the perforations from 3554 to 74 and -- well, I am not real sure of these perforations on this old log, but at any rate, we would treat these and determine injectivity and then we would go ahead and drill the retainer and cement over these other perforations from 3620 to 44; we would re-perforate

and again acidize or treat. At this point, if we had an adequate capacity, this is where we would stop. After we ran our injectivity test, we would determine the need of running either 2 and a half or 3 and a half inch tubing; then for completion, this would be internally coated with either plastic or cement lining.

Q Now, are you familiar with the composition of the water?

A Yes. It is a -- this water is a brackish mineral water and I am having to quote from memory here, I failed to bring the analysis, but its chloride would run in the neighborhood of 3000 parts per million and the total solid would run in the neighborhood of 8 to ten parts per million. The lease has been producing approximately 17 years and there's been no indication in either the subsurface or surface equipment of serious corrosion problems.

Q What do you propose to fill the annulus with?

A Well --

Q Will you describe that?

A What our proposal would be here would be to spot some inhibited water behind the annulus, recognizing that this would not stand full, but it would provide

a protection of the outside of the tubing and the casing itself from corrosion.

Q Now, what affect will this inhibited water or fluid have on any other formations in the area?

A Well, I would say none, no affect. It would -- the perforations that we propose to leave open which are now in the Yates would be above the packer; of course, the level casing would seek its equilibrium with the bottom hole pressure in that zone. I might add here the reason for leaving those open is the thinking that this water very likely and very probably will be picked up by a unit waterflood unit that's in the process of formation now back to the east. Continental has advised us of this and we are thinking if they come and get that water for that use, then we might return this well to a producing status and then this would be a year - two years or whatever it takes to unitize.

Q Now, why did you pick that particular well to inject?

A This well is low structurally on the lease. The perforated intervals in question have both been flooded out on original completion. They produce quite large volumes of water. They have been totally flooded

out and it's felt there would be no -- no possibility of flooding out a producing oil zone by using this well and going into these zones.

Q Now, in your opinion, this water injection that you propose will it adversely affect any well within a two-mile radius?

A I would say not. The zone that we are going into are comparable to other zones that are being used in the area for salt water disposal. The productivity of the wells that are still producing in this area from the Seven Rivers formation are quite high and with relatively low oil percentages in the total fluid.

Q And also the fluid within the annulus will have in your opinion no adverse affect?

A No. We have established by the completion -- re-completion of this plug back of this well, there is a good cement job and no communication between zones there. The calculated top of cement in this well would be about in the neighborhood of 2900 feet, but from temperature surveys on other wells the cement in comparable fashion, it probably be nearer 27 - 2800 feet up in the salt section.

MR. GRAHAM: I don't believe I have anything further.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Wallace, right now you've got this well, the number one and two in the southeast quarter of Section 28 and the number four up in the northeast northwest on production?

A Yes, sir.

Q How much is each of those making, as far as oil is concerned?

A Well, I am going to have to rely on an estimate here and I can't -- but number 1 is probably making in the neighborhood of 20 barrels a day, number 2 is capable of making in the neighborhood of 5 barrels a day or so and number 4, be very similar.

Q About 5?

A About 5.

Q How about this number 3? What's it making?

A It will make 3 to 5 barrels a day. Of course, we feel like number 2 is capable of more, capable of additional work as it is 7500.

Q As far as water production, how much is coming from each of those wells?

A All right. Number 1 would be -- well number 1

makes most of the water on the lease and it -- here again, rounding off, would say 1500, which I gave you possible total, but it would be 12 to 1500; number 2 would probably be 50 to 100; number 4 would be approximately 100 barrels a day.

Q And this number 3, what is it making?

A It's approximately 100 barrels a day, also.

Q So, what you intend to do then would be to re-enter this number 3, drill out this bridge plug, then you have a set of perforations as indicated on Exhibit No. 3 there in the lower Section T 3554 to 74, then your log shows another little set of perforations there, a question mark on them, looks like they are about 85 or 86?

A 86 to 89. This is conflicting records. I am not real sure those perforations are there. This well was drilled back in 1951 by Canmax. Canmax was operated by Mr. Scott. He passed away and properties went into the trust at the bank and the records that came to Argus when they acquired the property were not in real good shape, so we had to go back with notes and anything we could find, old tickets, and this was marked perforated interval, as marked on the log itself, and I don't know if it was ever

actually perforated or something they were talking about then.

Q But, you do have this set of perforations, 3554 to 74, possibly a set of perforations 3586 to 89, then you would have another bridge plug at about 3608 or ten --

A Yes, sir.

Q -- which you would drill out, then you have a third set of perforations at 3620 to 44?

A Yes, sir.

Q If those would take the water you would stop there and if not, you would -- might drill the well deeper?

A We drilled to a good permeable opened porous streak that would probably take the water.

Q Now, we have been advised to inject to a maximum depth of 3775; that would be the maximum you would deepen the well?

A Yes, sir. I feel quite certain that would be more than enough.

Q In the meantime, you would set this packer at 3545 and leave these present perforations in the Yates open?

A That would be our intent.

Q How much water do you think you can load in there, which would be balanced against the bottom hole pressure in the Yates?

A Here again it's an estimate, but I would say, based on other wells in this area that I have determined static fluid level, I would say that fluid level would stand up around 1500 feet.

Q 1500 feet of water in the hole?

A Well, be the same either way, 1500 feet from surface.

Q So, you wouldn't have protection up and down the entire left of the well bore; you would have maybe 1500 feet of protection with an inhibited fluid there?

A Yes, sir.

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

MR. GRAHAM: I would move the introduction of Exhibits 1, 2, 3.

MR. NUTTER: Argus Exhibits 1 through 3 will be admitted in evidence.

(Whereupon, Applicant's Exhibits 1 through 3 were offered and admitted in evidence.)

MR. NUTTER: Do you have anything further,
Mr. Graham? Does anyone have anything they wish to
offer in Case 4030? We will take the case under
advisement.

I N D E X

<u>WITNESS</u>		<u>PAGE</u>
ROBERT R. WALLACE		
Direct Examination by Mr. Graham		2
Cross Examination by Mr. Nutter		10
 <u>EXHIBIT</u>	 <u>MARKED</u>	 <u>OFFERED AND ADMITTED</u>
Applicant's 1 through 3	2	13

[illegible]

I, GLENDA BURKS, Court Reporter 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.

31
Wanda Samps
COURT REPORTER

I do hereby certify that _____ was
born _____
the _____ day of _____
_____ 2/5 4030
_____ 69
[Signature]
New Mexico Girl Conservation Council

dearnley-meier

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
January 22, 1969

EXAMINER HEARING

IN THE MATTER OF:)
)

Application of Argus Production)
Company for salt water disposal,)
Lea County, New Mexico.)

Case No. 4030

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 4030.

MR. HATCH: Case 4030, application of Argus Production Company for salt water disposal, Lea County, New Mexico.

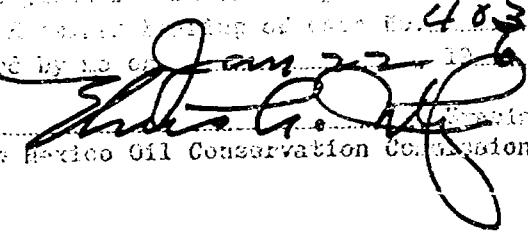
If the Examiner please, we have communicated now with the applicant in this case, and through some mistake they failed to receive the docket, and have asked for this case to be continued to February 5, 1969, the next Examiner Hearing.

MR. UTZ: Case 4030 will be continued to February 5, 1969.

STATE OF NEW MEXICO)
) ss.
 COUNTY OF BERNALILLO)

I, SAMUEL MORTELETTE, Court Reporter 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.


 COURT REPORTER

I do hereby certify that the foregoing is
 a complete record of all proceedings in
 the hearing of case No. 4030
 heard by me on Jan 22 1969.

 Examiner
 New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87801

February 14, 1969

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

Mr. George Graham
Attorney at Law
Post Office Box 2361
Santa Fe, New Mexico

Re: Case No. 4030
Order No. R-3676
Applicant:
Argus Production 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.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

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. 4030
Order No. R-3676

APPLICATION OF ARGUS PRODUCTION COMPANY
FOR SALT WATER DISPOSAL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 5, 1969,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 13th day of February, 1969, 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, Argus Production Company, is the
owner and operator of the J. T. Lynn A-28 Well No. 3, located
2310 feet from the South line and 1650 feet from the East line
of Section 28, Township 23 South, Range 36 East, NMPM, Jalmat
Pool, Lea County, New Mexico.

(3) That the applicant proposes to utilize said well to
dispose of produced salt water into the Seven Rivers formation,
with injection into the perforated and open-hole interval from
approximately 3554 feet to 3775 feet.

(4) That the injection should be accomplished through
2 7/8-inch or 3 7/8-inch plastic-lined tubing installed in a
packer set at approximately 3545 feet and that a hydrostatically

-2-

CASE No. 4030

Order No. R-3676

balanced column of inert fluid should be maintained in the casing-tubing annulus.

(5) That approval of the subject application will prevent the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

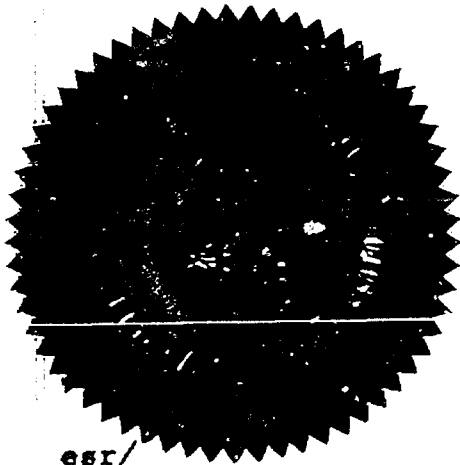
(1) That the applicant, Argus Production Company, is hereby authorized to utilize its J. T. Lynn A-28 Well No. 3, located 2310 feet from the South line and 1650 feet from the East line of Section 28, Township 23 South, Range 36 East, NMPM, Jalmat Pool, Lea County, New Mexico, to dispose of produced salt water into the Seven Rivers formation, injection to be accomplished through 2 3/8-inch or 3 7/8-inch tubing installed in a packer set at approximately 3545 feet, with injection into the perforated and open-hole interval from approximately 3554 feet to 3775 feet;

PROVIDED HOWEVER, that the tubing shall be plastic-lined and that a hydrostatically balanced column of inert fluid shall be maintained in the casing-tubing annulus.

(2) That the applicant shall submit monthly reports of its disposal operations in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(3) 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

David F. Cargo
DAVID F. CARGO, Chairman

Alex J. Armistead
ALEX J. ARMISTEAD, Member

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

esr/

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 5 1969

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 4036: Application of Mobil Oil Corporation for a dual completion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its C. L. O'Brien Well No. 1 located in Unit A of Section 7 Township 8 South, Range 30 East, Chaves County, New Mexico, to produce oil from an undesignated Pennsylvanian oil pool and the Lightcap (Devonian) Pool through parallel strings of tubing.

CASE 3975 (Reopened):

In the matter of Case No. 3975 being reopened pursuant to the provisions of Order No. R-3618, which order established 80-acre spacing units for the East Bluitt-San Andres Pool, Roosevelt County, New Mexico, for a period of approximately two months. All interested parties may appear and present evidence as to whether the subject area is indeed a separate common source of supply or an extension of the Bluitt-San Andres Gas Pool.

CASE 4010: (Continued from December 27, 1968 and January 8, 1969 Examiner Hearings)

Application of John H. Trigg 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 Grayburg-San Andres formations through his Empire "J" Federal Well No. 1 located in Unit P of Section 1, Township 18 South, Range 26 East, Red Lake Grayburg-San Andres Pool, Eddy County, New Mexico.

CASE 4037: Application of Anadarko Production Company for several waterflood projects and waterflood buffer zones, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute several waterflood projects by the injection of water into the Grayburg and San Andres formations of the Square Lake Pool by the conversion to water injection of its Etz Federal Well No. 3 and its Grier Well No. 14 located, respectively, in Sections 19 and 20 of Township 16 South, Range 31 East, Eddy County, New Mexico. Applicant further seeks the designation of the S/2 SW/4 of said Section 19, the N/2 SE/4 of said Section 19, and the N/2 SE/4 of said Section 20 as waterflood buffer zones with capacity allowables.

- CASE 4038: Application of Kennedy Oil Company for a waterflood project and waterflood buffer zone, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg and San Andres formations of the Square Lake Pool by the conversion to water injection of its Carper Federal Well No. 2 located in Unit K of Section 19, Township 16 South, Range 31 East, Eddy County, New Mexico. Applicant further seeks the designation of the N/2 SW/4 of said Section 19 as a waterflood buffer zone with capacity allowable.
- CASE 4039: The application of the Oil Conservation Commission upon its own motion for an order granting an exception to the ninth paragraph of Chapter II, Section 2 of Order No. R-333-F to permit shutting in gas wells for the required shut-in test at some period during the 1969 test season other than immediately following the 7-day deliverability flow test; further to permit measuring the shut-in test pressure during the 8th to 15th day of shut-in of the well rather than on the 8th day as presently required. The above exceptions would be for the 1969 annual deliverability test season only and would be applicable to all wells in San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico, subject to the testing requirements of Chapter II of Order No. R-333-F.
- CASE 4023: (Continued and readvertised from the January 15, 1969 Regular Hearing)
- Application of Ernest A. Hanson for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation in the perforated interval from approximately 1724 feet to 1736 feet in his Welch Federal Well No. 2 located 1650 feet from the North line and 2310 feet from the West line of Section 22, Township 19 South, Range 28 East, East Millman Queen-Grayburg Pool, Eddy County, New Mexico.
- CASE 4040: Application of Cities Service Oil Company for the institution of gas prorationing in the Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the limitation of gas production from the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to reasonable market demand and to the capacity of gas transportation facilities, and that the subject pool be governed by the general rules and regulations for the prorated gas pools of Southeastern New Mexico insofar as said general rules and regulations are not inconsistent with the special rules and regulations governing the subject pool. Further, the applicant proposes that the allowable production from the pool be allocated among the wells in the pool on a 100% surface acreage basis.

Docket No. 4-69
February 5, 1969 Examiner Hearing

CASE 4041: Application of Tamarack Petroleum Company, Inc. for salt water injection, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject produced salt water into the Queen formation in the perforated interval from 4955 feet to 5030 feet in its Texaco Modern Well No. 2, located in Unit H of Section 22, Township 19 South, Range 35 East, Pearl Queen Pool, Lea County, New Mexico.

CASE 4042: Application of El Paso Natural Gas Company for an amendment to Order No. R-2948, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-2948, which order established a number of non-standard gas promotion units in the Basin-Dakota Gas Pool, Rio Arriba County, New Mexico. Applicant proposes to change the acreage dedication comprising units 12 and 13 of Township 28 North, Range 6 West and Units 16 and 17 of Township 28 North, Range 7 West to comprise the following:

<u>TOWNSHIP 28 NORTH, RANGE 6 WEST</u>		
Unit	Acres	Description
12	320	Section 33: N/2
13	330.71	Section 33: S/2

<u>TOWNSHIP 28 NORTH, RANGE 7 WEST</u>		
Unit	Acres	Description
16	320	Section 35: N/2
17	332.40	Section 35: S/2

CASE 4017: (Continued from the January 8, 1969 Examiner Hearing)
Application of Corinne Lease for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Section 8, Township 21 South, Range 24 East, North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled in the SE/4 of said Section 8. Also to be considered will be the costs of drilling said well, a charge for the risk involved a provision for the allocation of actual operating costs, and the establishment of charges for the supervision of said well.

CASE 4043: Application of David Fasken for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Section 8, Township 21 South, Range 24 East, North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled 1980 feet from the North line and 2105 feet from the East line of said Section 8. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well. Case No. 4043 will be consolidated for purposes of hearing with Case No. 4017 which is the application of Corinne Grace for compulsory pooling of the same section.

CASE 4044: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the consolidation of two existing non-standard gas proration units into one 481-acre unit comprising the E/2 and E/2 W/2 of Section 3, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be dedicated to its Reed A-3 Wells Nos. 2 and 3 located in Units H and I, respectively of said Section 3, to be effective as of January 1, 1967. Applicant further seeks authority to produce the allowable assigned to said unit from either of the aforesaid wells in any proportion.

CASE 4045: Application of H & S Oil Company for an amendment to Order No. R-3357, as amended by Order No. R-3357-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3357, as amended by Order No. R-3357-A, which order authorized the H & S West Artesia Unit Waterflood Project. Applicant proposes to substitute the Roach Drilling Company-Leonard Well No. 18 located in Unit D of Section 17 as a water injection well in said project in lieu of the Cities Service-Mell Well No. 17 located in Unit M of Section 8, both in Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico.

CASE 4030: (Continued from the January 22, 1969 Examiner Hearing)

Application of Argus Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers formation in the perforated and open-hole interval from approximately 3554 feet to 3775 feet in its J. T. Lynn A-28 Well No. 3 located 2310 feet from the South line and 1650 feet from the East line of Section 28, Township 23 South, Range 36 East, Jalmat Yates-Seven Rivers Pool, Lea County, New Mexico.

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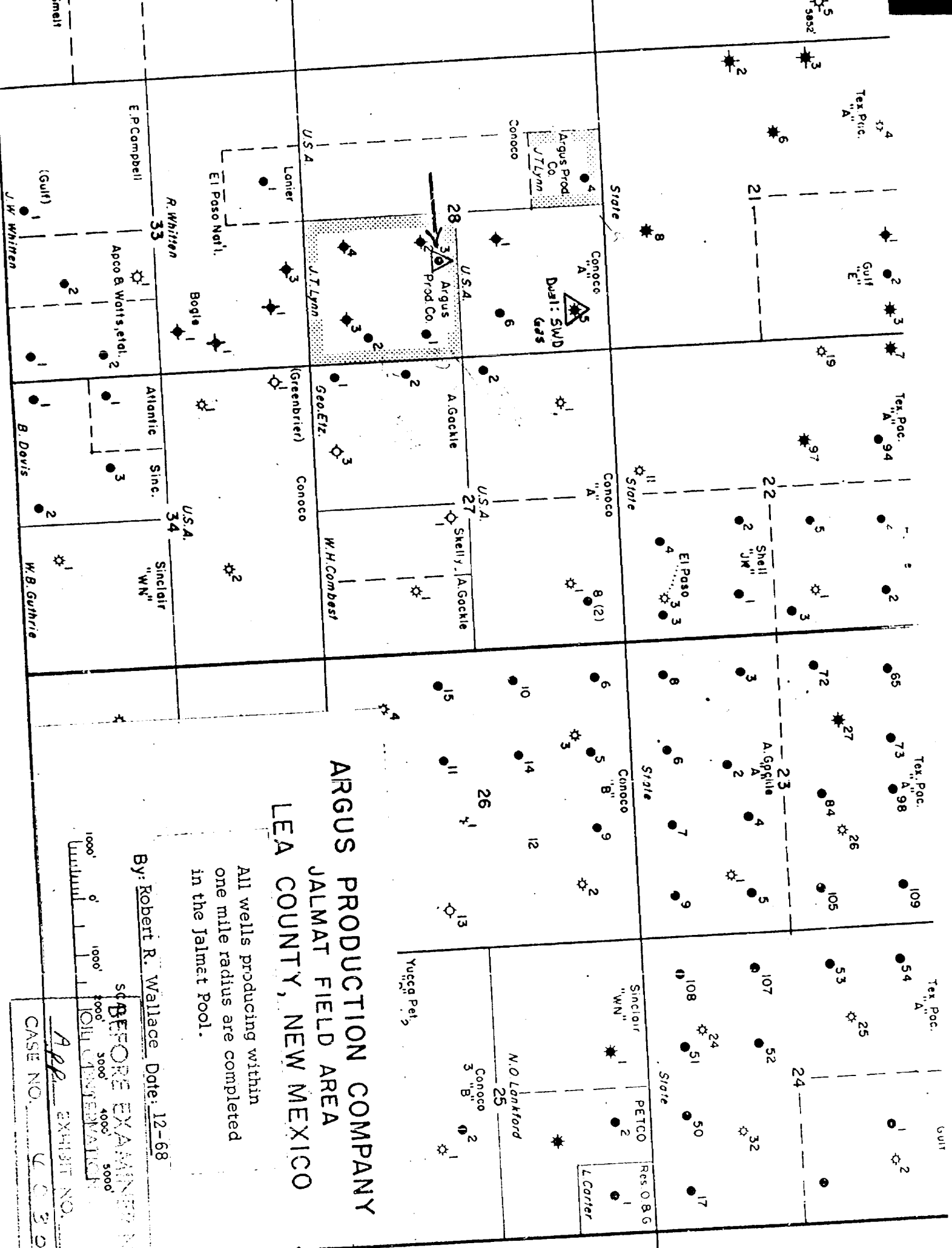
ARGUS PRODUCTION COMPANY JALMAT FIELD AREA LEA COUNTY, NEW MEXICO

All wells producing within
one mile radius are completed
in the Jalmat Pool.

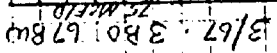
By: Robert R. Wallace Date: 12-68

BEFORE EXAMINED AND
OIL CONSERVATION
1000' 0 1000' 2000' 3000' 4000' 5000'

EXHIBIT NO. 1
CASE NO. 4032



APP 40302



NEUTRON
IONIZATION INCREASES

JALMAT FIELD
LEA COUNTY, NEW MEXICO

DIAGRAMMATIC SKETCH OF PROPOSED
SALT WATER INJECTION WELL
ARGUS PRODUCTION COMPANY
J. T. LYNN A-28 WELL No. 3 (Elev. 3455 ft. R.D.B.)
JALMAT FIELD

9 5/8" O.D.-32# csg. set
230 ft. w/ 225 sks. cmt.

BEFORE EXAMINATION
OIL CONSERVATION
App. EXHIBIT NO. 3
CASE NO. 4030

7" O.D. csg. cemented from
about 1800' to surface
w/550 sks. cement

Top of Yates 3280'

Present Production:
 ± 5 BO/D, ± 100 MCF/D, ± 75 BW/D

Perfs. 3489-3533 ft.; July 1962
Fraced w/ 25,000 gals.
Bridge Plug set @ 3550'

Top of Seven Rivers 3540'

(2 7/8" or 3 7/8" O.D. coated tubing
(to be set @ $\pm 3545'$ on packer

Perfs. 3554-3574 ft.
Acidized w/ 3000 gals.
(Watered out)

7" O.D.-20# casing set @ 3675 ft.
250 sks. cmt.
T.D. 3685 ft.

Perfs. 3620-3644 ft.
Acidized w/ 2000 gals.
(Watered out)
Squeezed w/ 150 sks. cmt. 1/5/52

(Bridge Plug @ 3550 ft., Retainer
(and cement from 3604 ft. to 3644 ft.,
(shoe @ 3675 ft. and 50 to 100 ft. of
(formation to be drilled and acidized
(until adequate injection rate is
(established.

12/20/68 RRW



ARGUS PRODUCTION COMPANY

3313 REPUBLIC NATIONAL BANK TOWER
DALLAS, TEXAS 75201

December 20, 1968

DEC 23 4 40 PM '68

Ph. 742-8053

State of New Mexico
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Re: Salt Water Injection
Jalmat Field
Lea County, New Mexico

Waller
or Ri 7-0820
Bob Wallace

Gentlemen:

Case 4030

It is respectfully requested that an Examiner Hearing be scheduled before the Oil Conservation Commission regarding this application to dispose of produced water from our J. T. Lynn A-28 lease by injecting same into Well No. 3 below a depth of about 3545 ft. into the Seven Rivers formation.

The proposed injection well is located 2310 feet from the south line and 1650 feet from the east line of Section 28, Township 23 South, Range 36 East. Injection will be through 2 7/8" or 3 7/8" O. D. tubing coated with plastic or cement below a packer to be set at about 3545 feet. This arrangement will expose previously watered out perforations from 3554 feet to 3644 feet to the injected water. In addition, it is proposed that from 50 to 100 feet of new hole will be drilled below the 7" O. D. casing, if necessary, to obtain the desired injection capacity.

Copies of this letter have been mailed to the following offset operators:

Continental Oil Company
Box 460
Hobbs, New Mexico 88240

Gackle Drilling Company
Box 2038
Hobbs, New Mexico 88240

Sidney Lanier
Box 3284
Midland, Texas 79701

Getty Oil Company
Box 249
Hobbs, New Mexico 88240

Atlantic Richfield Company
Box 352
Midland, Texas 79701

Sinclair Oil Corporation
Box 1470
Midland, Texas 79701

Yours very truly,

ARGUS PRODUCTION COMPANY

Donald G. Wildes, President

DGW/RRW/lcl

Don G. Wildes
DOCKET MAILED

1-23-69
Date

DOCKET MAILED

9-69
Date

ARGUS PRODUCTION COMPANY
J. T. LYNN A-28 WELL NO. 3
JALMAT FIELD
LEA COUNTY, NEW MEXICO

DIAGRAMMATIC SKETCH OF PROPOSED
SALT WATER INJECTION WELL
(Elev. 3455 ft. R.D.B.)

Case 4030

9 5/8" O.D.-32# csg. set
230 ft. w/ 225 sks. cmt.

7" O.D. csg. cemented from
about 1800' to surface
w/550 sks. cement

Top of Yates 3280'

Present Production:
± 5 BO/D, ± 100 MCF/D, ± 75 BW/D

Perfs. 3489-3533 ft.; July 1962
Fraced w/ 25,000 gals.
Bridge Plug set @ 3550'

Top of Seven Rivers 3540'

(2 7/8" or 3 7/8" O.D. coated tubing
(to be set @ ± 3545' on packer

Perfs. 3554-3574 ft.
Acidized w/ 3000 gals.
(Watered out)

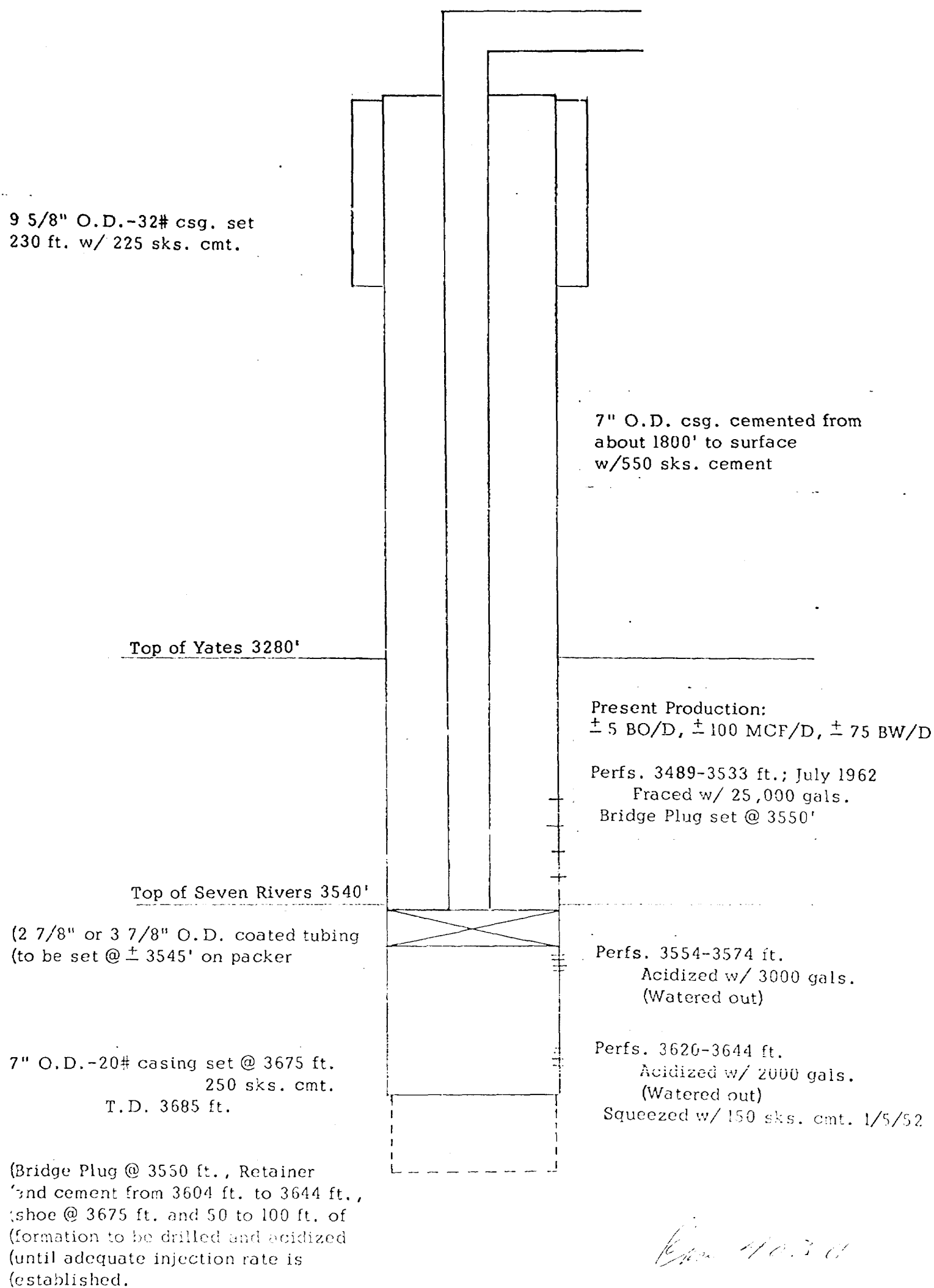
7" O.D.-20# casing set @ 3675 ft.
250 sks. cmt.
T.D. 3685 ft.

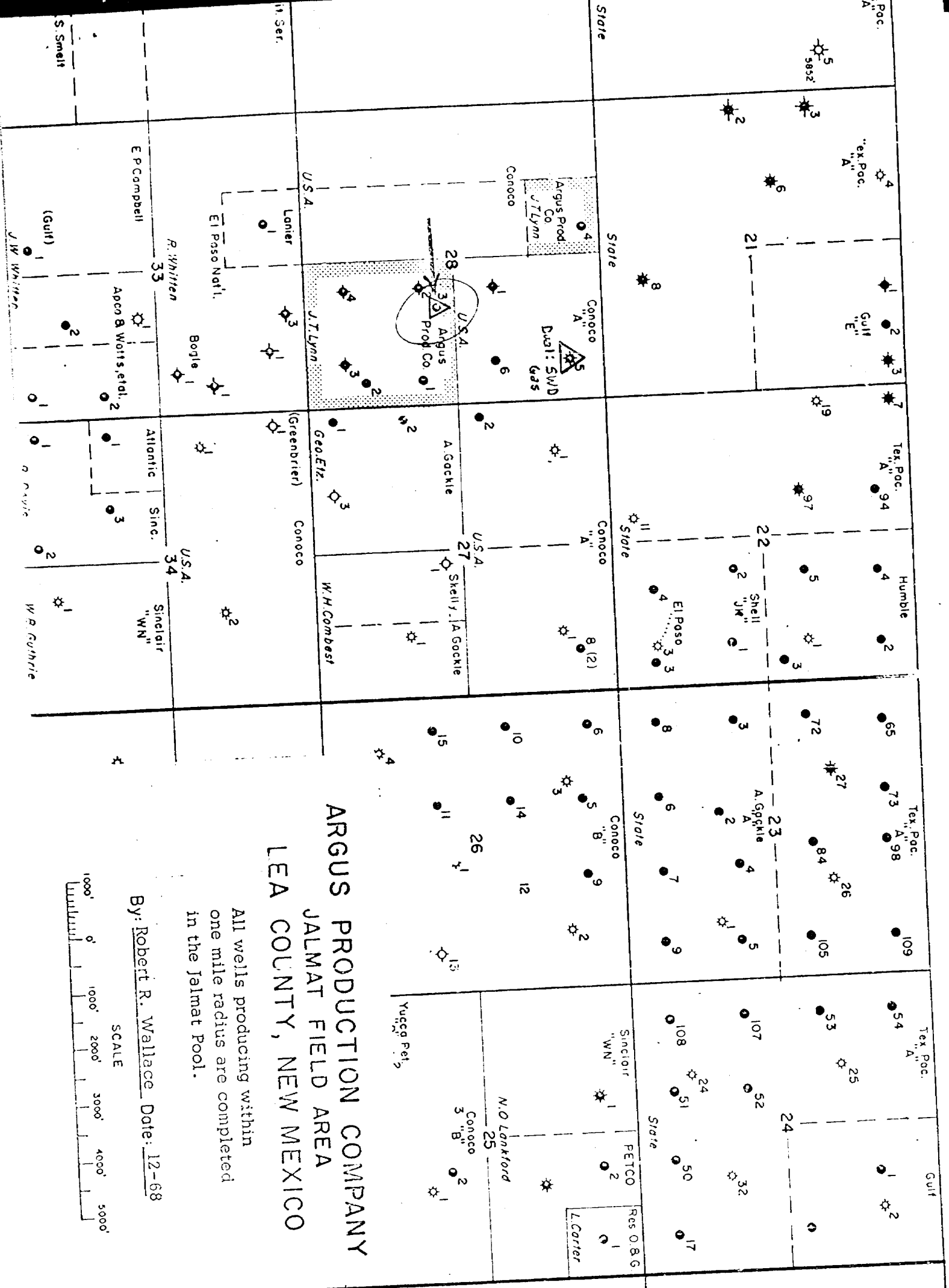
Perfs. 3620-3644 ft.
Acidized w/ 2000 gals.
(Watered out)
Squeezed w/ 150 sks. cmt. 1/5/52

(Bridge Plug @ 3550 ft., Retainer
(and cement from 3604 ft. to 3644 ft.,
(shoe @ 3675 ft. and 50 to 100 ft. of
(formation to be drilled and acidized
(until adequate injection rate is
(established.

ARGUS PRODUCTION COMPANY
J. T. LYNN A-28 WELL NO. 3
JALMAT FIELD
LEA COUNTY, NEW MEXICO

DIAGRAMMATIC SKETCH OF PROPOSED
SALT WATER INJECTION WELL
(Elev. 3455 ft. R.D.B.)





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DRAFT

GMH/esr

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. 4030

Order No. R- 3676

APPLICATION OF ARGUS PRODUCTION COMPANY
FOR SALT WATER DISPOSAL, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 5, 1969,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of February, 1969, 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, Argus Production Company,
is the owner and operator of the J. T. Lynn A-28 Well No. 3
2310 feet from the South line and 1650 feet from the East line
located 1/4 1/4 1/4 1/4 of Section 28, Township 23 South, Range
36 East, NMPM, Jalmat Yates Seven Rivers Pool, Lea
County, New Mexico.

(3) That the applicant proposes to utilize said well to
dispose of produced salt water into the Seven Rivers
perforated and
formation, with injection into the open-hole interval
from approximately 3554 feet to 3775 feet.

(4) That the injection should be accomplished through
2 1/8 inch or 3 1/8-inch plastic-lined tubing installed in a packer set at

hydrostatically
and that a balanced column of inert fluid
approximately 3545 feet, ~~that the casing-tubing annulus should~~
~~be filled with an inert fluid; and that a pressure gauge should be~~
~~attached to the annulus or the annulus left open at the surface in~~
~~order to determine leakage in the casing, tubing, or packer.~~
should be maintained in the casing tubing annulus.

(5) That approval of the subject application will prevent the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Argus Production Company, is hereby authorized to utilize its J. T. Lynn A-28 Well No. 3 2310 feet from the South line and 1650 feet from the East line located ~~N/4/4/4/4/4~~ of Section 28, Township 23 South, Range 36 East, NMPM, Jalmat Yates Seven Rivers Pool, Lea County, New Mexico, to dispose of produced salt water into the Seven Rivers formation, injection to be accomplished through 2 3/8-inch or 3 7/8 -inch tubing installed in a packer set at approximately 3545 feet, with injection into the open-hole interval from approximately 3554 feet to 3775 feet;

that a full hydrostatically balanced column of inert fluid shall be maintained in the casing-tubing annulus.
~~PROVIDED HOWEVER, that the tubing shall be plastic-lined and~~
~~that the casing-tubing annulus shall be filled with an inert~~
~~fluid; and that a pressure gauge shall be attached to the annulus~~
~~or the annulus left open at the surface in order to determine~~
~~leakage in the casing, tubing, or packer.~~

(2) That the applicant shall submit monthly reports of its disposal operations in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(3) 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.