

Case Number

60000

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
28 September, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Atlantic Richfield for) CASE
a waterflood project, Lea County, New) 6000
Mexico.)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant, Atlantic Richfield: Clarence L. Hinkle, Esq.
HINKLE, COX, EATON, COFIELD &
HENSLEY
Roswell, New Mexico

For El Paso Natural Gas: H. L. Kendrick, Esq.
El Paso Natural Gas
El Paso, Texas

For Texaco: Kenneth Bateman, Esq.
WHITE, KOCH, KELLY & MCCARTHY
220 Otero Street
Santa Fe, New Mexico

For J. R. Cone and Summit Energy, Inc.: W. Thomas Kellahin, Esq.
KELLAHIN & FOX
500 Don Gaspar
Santa Fe, New Mexico

sid morish reporting service
General Court Reporting Service
825 Calle Mejia, No. 127, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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1200 WALL TOWERS WEST
MIDLAND TX 79702



western union Mailgram®



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JOE D RAMEY, DIRECTOR OF OIL CONSERVATION COMMISSION
STATE LAND OFFICE BLDG 2 FLOOR
SANTA FE NM 87501

THIS IS A CONFIRMATION COPY OF A PREVIOUSLY PHONE-DELIVERED TELEGRAM

THIS IS REGARDING BOCKETT SEPTEMBER 28 1977 CASE NUMBER 5997 5998
5999 6000

AS A WORKING INTEREST OWNER IN THE J R CONE EUBANKS LEASE WE OPPOSE
THE APPLICATION OF ATLANTIC RICHFIELD COMPANY UNDER THE CAPTION CASE
NUMBERS, AS WASTEFUL

JOHN J REDFERN JR PRESIDENT OF FLAG-REDFERN OIL COMPANY 1200
WALL TOWERS WEST MIDLAND TX 79702

1146 EST

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524 (5-70)

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FOR YOUR LOCAL NUMBER, SEE THE WHITE PAGES
AS A CORRESPONDING INTEREST IN THE U.S. COURT SYSTEM, PLEASE WE OFFER
THE APPLICATION OF ATLANTIC RICHFIELD COMPANY UNDER THE CAPITAL CASE
NUMBERS, AS A SERVICE
JOHN J. HEDDER JR. PRESIDENT OF ATLANTIC RICHFIELD OIL COMPANY 1200
WALL TOWERS WEST HILLMAN TX 75202

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FROM TELEX 6161 FROM TWX 910 420 1212

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PMS THE HEARING EXAMINERS NEW MEXICO OIL CONSERVATION COMMISSION
, DLR

STATE LAND OFFICE BLDG

SANTA FE NM 87501

IN REGARD TO ATLANTIC RICHFIELD PROPOSED DRINKARD AND BLINBRY UNIT

LEA COUNTY NEW MEXICO GENTLEMEN AS A ROYALTY OWNER UNDER SEVERAL

LEASES IN THE PROPOSED UNIT, I DO NOT NOW SUPPORT THE UNIT AS

PROPOSED BY ATLANTIC RICHFIELD EVEN THOUGH I MAY HAVE PREVIOUSLY

AGREED TO IT

ROY G BARTON

2021 EST

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PMS NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BLDG
P. O. BOX 2088
SANTA FE, NM 87501

GENTLEMEN:

RE: ~~CASES 5998, 6000, 6069 AND 6070 SET FOR HEARING OCTOBER 20, 1977, CONTINENTAL OIL COMPANY WISHES TO GO ON RECORD AS SUPPORTING APPLICANT, ATLANTIC RICHEFIELD COMPANY, IN THESE FOUR MATTERS.~~
CONTINENTAL HAS PARTICIPATED IN THE MEETINGS WHERE THE UNIT PARTICIPATION FORMULAS AND FORM OF UNIT AND OPERATING AGREEMENTS WERE NEGOTIATED. WE CONSIDER THE PARTICIPATION FORMULA TO BE EQUITABLE TO ALL PARTIES. CONTINENTAL WILL HAVE TO SACRIFICE SOME RESERVES FROM THE TUBB AND WANTZ-ABO POOLS AS A RESULT OF THE UNIT REQUIREMENTS BUT WE FEEL IT IS NECESSARY AND ADVISABLE IN ORDER TO INITIATE SECONDARY RECOVERY OPERATIONS FOR THE MUCH LARGER RESERVES IN THE BLINEBRY AND DRINKARD POOLS WITHIN THE UNIT BOUNDARY. YOUR CONSIDERATION OF THIS EXPRESSION WILL BE APPRECIATED.

L. P. THOMPSON
DIVISION MANAGER
CONTINENTAL OIL COMPANY
P. O. BOX 460
HOBBS, NM 88240
TWX #: 910-986-9732

0928 EST

IPMFEKA SANA



Getty Oil Company

P.O. Box 1231, Midland, Texas 79702 Telephone (915) 683-6301

Audra B. Cary, District Production Manager
Central Exploration and Production Division

October 14, 1977

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe D. Ramey

Gentlemen:

Getty Oil Company supports the position of Atlantic Richfield Company in the following cases to be heard before the Commission on October 20, 1977:

- (1) Case No. 6069 - Application for statutory unitization of the East Blinebry Unit.
- (2) Case No. 6000 - Application for a waterflood project in the East Blinebry Unit Area.
- (3) Case No. 6070 - Application for statutory unitization of the East Drinkard Unit.
- (4) Case No. 5998 - Application for a waterflood project in the East Drinkard Unit Area.

Yours very truly,

Audra B. Cary
Audra B. Cary

OVS/slw



Chevron U.S.A. Inc.
700 South Colorado Blvd., P. O. Box 599, Denver, CO 80201

27 1977

October 17, 1977

New Mexico Oil Conservation Commission
P. O. Box 2088
State Land Office Bldg.
Santa Fe, NM 87501

Attention Mr. Richard L. Stamets

Gentlemen:

Chevron U.S.A. Inc. supports Atlantic Richfield Company in the proposals to be presented in Case Nos. 6069, 5998, 6070 and 6000 scheduled for October 20, 1977.

Atlantic Richfield Company will propose the formation of the East Drinkard Unit area and the East Blinebry Unit area and the initiation of waterflood projects thereon. Chevron U.S.A. Inc. will be a working interest owner in the proposed units.

Yours very truly,

A handwritten signature in cursive script that reads "G. M. Emerick".

G. M. Emerick
Senior Staff Engineer-Proration

GME:j1

cc: Mr. E. E. Hagan

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General Court Reporting Service
825 Calle McJia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 MR. NUTTER: Call Cases Numbers 5997 and 5999,
2 which have the same caption.

3 MS. TESCHENDORF: Those are both the applications
4 of Atlantic Richfield Company for a unit agreement, Lea County,
5 New Mexico.

6 MR. NUTTER: And we'll call Case Number 5998 and
7 6000, both of which have the same caption.

8 MS. TESCHENDORF: Applications of Atlantic Richfield
9 Company for a waterflood project, also in Lea County, New
10 Mexico.

11 MR. NUTTER: I'll call for appearances at this time
12 in these cases.

13 MR. KENDRICK: H. L. Kendrick, El Paso Natural Gas.

14 MR. BATEMAN: Kenneth Bateman of White, Koch, Kelly
15 and McCarthy, appearing for Texaco.

16 MR. KELLAHIN: Tom Kellahin, appearing for J. R.
17 Cone and Summit Energy, Inc..

18 MR. NUTTER: Any other appearances?

19 MR. HINKLE: Clarence L. Hinkle, Hinkle, Cox, Eaton,
20 Cofield, and Hensley, Roswell, New Mexico, appearing on behalf
21 of Atlantic Richfield.

22 (Witnesses sworn.)

23 MR. NUTTER: Now, Mr. Hinkle, did you want to con-
24 solidate these cases?

25 MR. HINKLE: Yes. These four cases are all inter-

1 related and I'd like to move that they be consolidated, be
2 called and consolidated for the purpose of this hearing.

3 MR. NUTTER: Cases 5997, 5998, 5999, and 6000 will
4 be consolidated for the purpose of hearing. Separate orders
5 will be entered in each case.

6 MR. BATEMAN: Mr. Examiner, excuse me, before we
7 proceed there's a preliminary matter I'd like to bring up.

8 MR. NUTTER: All right, an opening remark.

9 MR. BATEMAN: Not an opening remark, Mr. Examiner,
10 but I'd like to draw your attention to the advertisement in
11 5997 and 5999, I believe. There's some confusion, at least
12 on the part of my client, and I think the others, with respect
13 to the advertisement.

14 I believe that is a form of advertisement used for
15 a voluntary unit approval, and as I understand the applica-
16 tion, I have a copy of the application in 5997. Paragraph 9
17 of the application indicates that the application was filed
18 under and pursuant to the statutory unitization act.

19 Obviously, there's a considerable difference be-
20 tween a voluntary unit approval and a statutory unitization
21 act proceeding. And it is our position, Mr. Examiner, that
22 the application was not properly advertised and that there
23 is no jurisdiction to proceed at this point.

24 MR. HINKLE: Mr. Examiner, I don't think there's
25 anything in the statutory unitization act that requires that

1 you give specific notice of a statutory unitization.

2 MR. BATEMAN: MR. Examiner, Article 65-3-6 re-
3 quires a notice of hearings, and including, the notice, if
4 published, shall briefly state the nature of the order, or
5 orders, sought -- I'm paraphrasing -- by the applicant.

6 The form of application -- excuse me, the form of
7 advertisement used in previous cases that I am familiar with
8 in connection to statutory unitization, of course, have
9 been rather specific about the compulsory aspect of the
10 application, and the fact that interests are -- there's an
11 attempt being made to force interests in the unit, which
12 have not voluntarily complied or ratified the operating
13 agreement.

14 There's no indication in this application -- ex-
15 cure me, this notice that that is the case here. It may
16 well be additional opposition to this application if that
17 were specified.

18 MR. HINKLE: Mr. Examiner, I think all of those who
19 have entered an appearance here are the only ones who have
20 expressed any opposition. I think the evidence will show
21 that over eighty percent of the working interest owners and
22 royalty owners have agreed to unitization, and those who have
23 entered an appearance here are the only ones that have not
24 consented to it, so there couldn't be prejudice whatsoever
25 because you're here before the Commission.

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1 MR. NUTTER: Mr. Hinkle, do we know that everyone
2 is here, and how would we ascertain that fact?

3 MR. HINKLE: Because we do, we know that everybody
4 that is represented here who has not agreed to it.

5 MR. RAMEY: Royalty owners, too?

6 MR. HINKLE: Royalty owners, well, there's one or
7 two royalty owners that I never have been able to get in
8 touch with; never have heard from them.

9 MR. NUTTER: Well, if we can't get in touch with
10 them, we depended on the notice nailed on the old oak tree,
11 you know.

12 MR. KELLAHIN: If the Examiner please, on behalf of
13 J. R. Cone and Summit Energy, Inc., we would concur in
14 Texaco's motion that the Commission lacks jurisdiction to
15 proceed in this matter. There's a substantial difference in
16 appearing in response to an advertisement that indicates the
17 approval of a voluntary unit agreement as opposed to the
18 statutory notification with regards to forced unitization.

19 MR. NUTTER: I'm afraid you're right and I don't
20 think we can proceed. I'm sorry, Mr. Hinkle, but probably
21 it's the error of the Commission. I'm afraid we can't pro-
22 ceed on this.

23 MR. HINKLE: I had it in the application.

24 MR. NUTTER: We've had only two previous statutory
25 unitization hearings and in each of those we've been very

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1 specific in the notice that it is a statutory unitization,
2 and I think by having set that precedent on those cases, it
3 would be unwise for us to proceed with the standard notice
4 for a voluntary unit agreement here.

5 MR. HINKLE: Well, let me ask this. When can these
6 be set now?

7 MR. NUTTER: They can be set for the second hearing
8 in October.

9 MR. HINKLE: That will be when?

10 MR. NUTTER: There's a hearing on the 12th and I
11 don't -- October 26th.

12 MR. HINKLE: October the 12th. Okay, put them
13 right up at the top so we can start early.

14 MR. NUTTER: With that I think we have to dismiss
15 Cases Numbers 5997 and 5999, and continue Cases Numbers 5998
16 and 6000 to the Examiner Hearing, which will be held at this
17 same place at 9:00 a.m., October 26, 1977.

18 MR. HINKLE: Now, it will not be necessary to file
19 a new application, as I understand it.

20 MR. NUTTER: No, sir, we'll accept these applica-
21 tions. I haven't looked at the application but I presume
22 it's --

23 MR. HINKLE: Because it's specific.

24 MR. NUTTER: Okay, well, it's the error of the
25 Commission. We're sorry for it, but those things do happen.

The hearing is adjourned.
(Hearing concluded.)

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REPORTER'S CERTIFICATE

I, Sally Walton Boyd, a Certified Shorthand Reporter,
DO HEREBY CERTIFY that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill,
and ability.

Sally Walton Boyd
Sally Walton Boyd, C. S. R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6000,
heard by me on 9/28, 1977.

[Signature], Examiner
New Mexico Oil Conservation Commission

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Audra B. Cary, District Production Manager
Central Exploration and Production Division

OCT 17 1977
OCT 14 1977
S. B. T. COMPANY

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe D. Ramey

Gentlemen:

Getty Oil Company supports the position of Atlantic Richfield Company in the following cases to be heard before the Commission on October 20, 1977:

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- (2) Case No. 6000 - Application for a waterflood project in the East Blinbry Unit Area.
- (3) Case No. 6070 - Application for statutory unitization of the East Drinkard Unit.
- (4) Case No. 5998 - Application for a waterflood project in the East Drinkard Unit Area.

Yours very truly,

Audra B. Cary
Audra B. Cary

OVS/slw

Dockets Nos. 35-77 and 36-77 are tentatively set for hearing on November 16 and 30, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - OCTOBER 20, 1977 - THURSDAY

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

CASE 6069: Application of Atlantic Richfield Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of secondary recovery, all mineral interests in the East Blinebry Unit underlying the following described lands in Township 21 South, Range 37 East, Blinebry Oil and Gas Pool, Lea County, New Mexico:

Section 11: All
Section 12: W/2 E/2 and W/2
Section 13: W/2 NE/4, NW/4 SE/4, and W/2
Section 14: All
Section 23: All
Section 24: NW/4 and W/2 SW/4

The unitized interval would be that from a depth of 5550 feet to 6007 feet in the ARCO Barton Well No. 3 located in Unit H of the aforesaid Section 23.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

CASE 6000: Application of Atlantic Richfield Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Blinebry Unit Area, Lea County, New Mexico, by the injection of water into the Blinebry formation through 38 wells.

CASE 6070: Application of Atlantic Richfield Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of secondary recovery, all mineral interests in the East Drinkard Unit underlying the following described lands in Township 21 South, Range 37 East, Drinkard Pool, Lea County, New Mexico:

Section 11: All
Section 12: W/2 E/2 and W/2
Section 13: W/2 NE/4, NW/4 SE/4, and W/2
Section 14: All
Section 23: All
Section 24: NW/4 and W/2 SW/4

The unitized interval would be that from a depth of 6450 feet to 6730 feet in the ARCO Barton Well No. 3 located in Unit H of the aforesaid Section 23.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

CASE 5998: Application of Atlantic Richfield Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Drinkard Unit Area, Lea County, New Mexico, by the injection of water into the Drinkard formation through 30 wells.

Dockets Nos. 31-77 and 32-77 are tentatively set for hearing on October 12 and 26, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 28, 1977

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 Richard L. Stamets, Alternate Examiner:

- CASE 6048: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Saguaro Oil Company and all other interested parties to appear and show cause why the Moran State Well No. 1 located in Unit A of Section 36, Township 18 North, Range 9 West, McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6049: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Douglas Kenaston, Mints-Kenaston Drilling Co., and all other interested parties to appear and show cause why the Masden-Selby Well No. 1 located in Unit I of Section 21, Township 29 North, Range 11 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6050: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit J. Felix Hickman and all other interested parties to appear and show cause why the Malco State Com Well No. 1 located in Unit G of Section 16, Township 26 North, Range 8 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6051: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit B. G. West and N. W. McIntosh and all other interested parties to appear and show cause why the Rollins and Dodgen Well No. 2 located in Unit D of Section 28, Township 18 North, Range 3 West, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6052: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Western Energy Corporation and all other interested parties to appear and show cause why the Ute Well No. 2 located in Unit O of Section 23, Township 31 North, Range 16 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6053: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Noel Reynolds and all other interested parties to appear and show cause why the Torreon Water Well No. 1 located in Unit J of Section 28, Township 18 North, Range 3 West, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6054: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit John F. Staver and all other interested parties to appear and show cause why the Paperthin Well No. 1 located in Unit F of Section 26, Township 19 North, Range 5 West, McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6055: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Han-San, Inc., and all other interested parties to appear and show cause why the Grevey Well No. 4 located in Unit E of Section 26, Township 26 North, Range 1 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6056: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Julius Chodorow, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Ute Well No. 1 located in Unit F of Section 20, Township 31 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6021: (Readvertised)
Application of Yates Petroleum Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the interval from 963 feet to 1560 feet in its Federal HJ Well No. 1 located in Unit A of Section 31, Township 6 South, Range 26 East, Linda-San Andres Pool, Chaves County, New Mexico.
- CASE 5983: (Continued from September 14, 1977, Examiner Hearing)
Application of Yates Petroleum Corporation for the amendment of Order No. R-5445, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5445 to provide for a 200 percent risk factor for drilling the unit well rather than 20 percent. Said order pooled the N/2 of Section 19, Township 20 South, Range 25 East, Eddy County, New Mexico.

- CASE 6038: Application of W. Ridley Wheeler Estate for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in an undesignated San Andres reservoir by the injection of water into the San Andres formation thru the open-hole interval from 4800 feet to 4870 feet in its Markham Well No. 2, to be drilled 1980 feet from the South line and 25 feet from the East line of Section 28, Township 9 South, Range 35 East, Lea County, New Mexico.
- CASE 6039: Application of Gulf Oil Corporation for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of three Drinkard Pool wells on its Central Drinkard Unit in Township 21 South, Range 37 East, Lea County, New Mexico, as follows:
- Well No. 419, surface location 1631 feet from the South line and 260 feet from the West line of Section 28, to be bottomed approximately 1335 feet from South line and 15 feet from East line of Section 29; Well No. 421, surface location 1465 feet from North line and 1056 feet from East line of Section 32, to be bottomed approximately 1305 feet from North and East lines of Section 32; and Well No. 422, surface location 1155 feet from North line and 1000 feet from West line of Section 33, to be bottomed approximately 1305 feet from North line and 1335 feet from West line of Section 33.
- CASE 6040: Application of Gulf Oil Corporation for pool reclassification and a special GOR limit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the North Teague-Devonian Gas Pool in Sections 22 and 27, Township 23 South, Range 37 East, Lea County, New Mexico, as an oil pool and the consolidation of said pool with the Teague-Devonian Oil Pool in Sections 27, 34, and 35 of said Township. Applicant further requests a special gas-oil ratio limit for said Teague-Devonian Oil Pool of not more than 5000 to one.
- CASE 6041: Application of Gulf Oil Corporation for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Harry Leonard Well No. 12 located in Unit P of Section 22, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to a previously approved 480-acre multiple well non-standard proration unit.
- CASE 6042: Application of Gulf Oil Corporation for a non-standard proration unit, simultaneous dedication, and unorthodox locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 388.51-acre non-standard gas proration unit comprising the NW/4 and E/2 SW/4 of Section 6, and the NW/4 of Section 7, both in Township 22 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's H. T. Matern Wells Nos. 6 and 3, at unorthodox locations in Unit N of Section 6 and Unit P of Section 7, respectively.
- CASE 6043: Application of V-F Petroleum Inc., for an unorthodox oil well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 330 feet from the South line and 2310 feet from the East line of Section 29, Township 8 South, Range 38 East, North Sawyer-Devonian Pool, Roosevelt County, New Mexico.
- CASE 6044: Application of Orla Petco for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to 3500 feet underlying the NE/4 NE/4 of Section 1, Township 23 South, Range 27 East, and also the NW/4 NE/4 of said Section, Eddy County, New Mexico, to form two 40-acre units, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.
- CASE 6045: Application of Burleson & Huff for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the NW/4 of Section 12, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6046: Application of Belco Petroleum Corporation 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 all of Section 3, Township 22 South, Range 25 East, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6047: Application of Continental Oil Company for capacity allowables, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a capacity allowable for its Pearl "B" Wells Nos. 5 and 6, located in Units M and O, respectively, of Section 25, Township 17 South, Range 32 East, and its Pearl "B" Well No. 7 located in Unit M of Section 30, Township 17 South, Range 33 East, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.

CASE 6001: (Continued from August 3, 1977 Examiner Hearing)

Application of Mesa Petroleum Co. for an exception to Order No. R-5459, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Order No. R-5459 to exclude its Primo Well No. 1-A located in Unit D of Section 6, Township 31 North, Range 10 West, San Juan County, New Mexico, from the vertical limits of the Blanco-Mesaverde Pool as defined by said order.

CASE 5997: (Continued from July 20, 1977, Examiner Hearing)

Application of Atlantic Richfield Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its East Drinkard Unit Area comprising 3080 acres, more or less, of Federal and fee lands in Sections 11, 12, 13, 14, 23 and 24, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 5998: (Continued from July 20, 1977, Examiner Hearing)

Application of Atlantic Richfield Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Drinkard Unit Area, Lea County, New Mexico, by the injection of water into the Drinkard formation through 30 wells.

CASE 5999: (Continued from July 20, 1977, Examiner Hearing)

Application of Atlantic Richfield Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its East Blinebry Unit Area comprising 3080 acres, more or less, of Federal and fee lands in Sections 11, 12, 13, 14, 23, and 24, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 6000: (Continued from July 20, 1977, Examiner Hearing)

Application of Atlantic Richfield Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Blinebry Unit Area, Lea County, New Mexico, by the injection of water into the Blinebry formation through 38 wells.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
20 July 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Atlantic Richfield
Company for a waterflood project,
Lea County, New Mexico.

CASE
6000

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission:	Lynn Teschendorf, Esq. Legal Counsel for the Commission State Land Office Building Santa Fe, New Mexico
--	--

sid morish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1
2 MR. STAMETS: At this time call Case 5997, 98,
3 99, and Case 6000.

4 MS. TESCHENDORF: There are four applications of
5 Atlantic Richfield Company for two unit agreements and two
6 waterflood projects, and the applicant has requested that
7 all four cases be continued to the September 28th Examiner
8 Hearing.

9 MR. STAMETS: These cases will be continued to
10 the September 28th Examiner Hearing.
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sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill,
and ability.

Sally Walton Boyd
Sally Walton Boyd, C. S. R.

sid morrisb reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete and correct transcript of the proceedings in
the Examined Case No. 6000
heard by 7-29 1977
Richard L. Lamm, Examiner
New Mexico Oil Conservation Commission

Complete record in
Consolidated Cases

No 5998, 6000, 6069, & 6070
is to be found in
Case 6070 file.

RLS 9-27-78

CLARENCE E. HINKLE
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENBIEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.

JAMES H. BOZARTH
JAMES H. ISBELL
DOUGLAS L. LUNSFORD
PAUL M. BOHANNON
J. DOUGLAS FOSTER

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY

600 HINKLE BUILDING

POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88201

September 29, 1977

SEP 30 1977
W. E. BONDURANT, JR. (914-1973)
TELEPHONE (505) 822-8510

MR. ISBELL LICENSED
IN TEXAS ONLY

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) 683-4691

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Dan Nutter

Re: Examiner hearing Cases 5997,
5998, 5999 and 6000

Gentlemen:

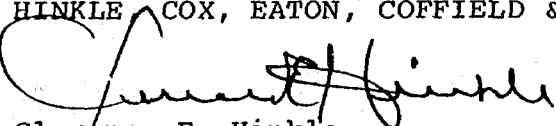
The captioned cases were included on the examiner's docket for September 28, but when the cases were called it was concluded that there was an error in the publication of the 2 cases providing for approval of the unit agreements in that it did not specifically state that they came under statutory unitization.

Rather than have these cases included on the examiner's docket for October 26, we would like to have them heard before the full Commission. This perhaps might make it possible for the cases to be re-published and a hearing date set prior to October 26. If this is possible, we would appreciate your setting them at the earliest possible date.

The applications which were filed in Cases 5997 and 5999 both specifically alleged that they are filed pursuant to the Statutory Unitization Act. Unless you see some reason for filing new application, none will be filed.

Yours sincerely,

HINKLE, COX, EATON, COFFIELD & HENSLEY


Clarence E. Hinkle

CEH:cs

cc: Mr. Jerry Tweed
cc: Mr. Bob Malaise
cc: Mr. William Coleman



OIL CONSERVATION COMMISSION

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

LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

DIRECTOR
JOE D. RAMEY

December 27, 1977

Mr. Clarence Hinkle
Hinkle, Cox, Eaton,
Coffield & Hensley
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: CASE NO. 6000
ORDER NO. R-5591

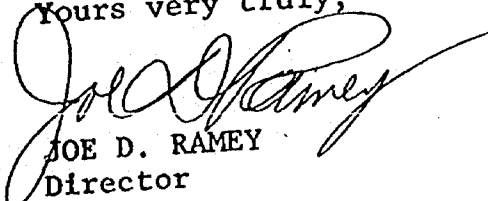
Applicant:

Atlantic Richfield Company

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Tom Kellahin, Ken Bateman, H. L, Kendrick

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. 6000
Order No. R-5591

APPLICATION OF ATLANTIC RICHFIELD
COMPANY FOR A WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 20, 1977, at Santa Fe, New Mexico, before the Commission.

NOW, on this 27th day of December, 1977, the Commission, a quorum being present, having considered the testimony, the record, 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, Atlantic Richfield Company, seeks authority to institute a waterflood project on its East Blinebry Unit, Blinebry Oil and Gas Pool, by the injection of water into the Blinebry formation through 38 injection wells in Sections 11, 12, 13, 14, 23, and 24, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

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

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

(5) That the evidence presented indicates that the following wells, all in Township 21 South, Range 37 East, NMPM, are either injection wells for said waterflood project, or are in close proximity to injection wells for said project, and may not be adequately cemented so as to cause water injected into the Blinebry formation to be contained in said formation:

-2-

Case No. 6000
Order No. R-5591

OPERATOR	LEASE NAME	WELL NO.	UNIT	SECTION
Shell Oil Company	Fields	1	O	12
Shell Oil Company	Smith	1	G	14
Atlantic Richfield Co.	Sarkeys	3	I	23
Imperial American Management Company	Bunin	3Y	A	13
Tenneco Oil Company	Elliott Federal	1	T	1
Continental Oil Co.	Hawk "B-3"	7	Q	3
Continental Oil Co.	Hawk "B-3"	1	X	3
Exxon Co.	State "V"	6	J	10
Aztec Oil & Gas Co.	Dauron	3	A	10
Gulf Oil Corporation	Eubank	8	G	22

(6) That the annular space between the casing and hole in the wells described in Finding No. (5) above could serve as an avenue of water migration from the Blinebry zone to other zones or to the surface.

(7) That to prevent such migration of water from the Blinebry zone, cement bond logs should be run on the wells described in Finding No. (5) above, and any such well not adequately cemented across and above the Blinebry zone in such a manner as to ensure the presence of cement should be recemented throughout the Blinebry formation and a minimum of 500 feet above the top thereof.

(8) That the wells within the project should be equipped to facilitate periodic testing of the annular space between strings of casings.

(9) That the operator should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(10) 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.

IT IS THEREFORE ORDERED:

(1) That the applicant, Atlantic Richfield Company, is hereby authorized to institute a waterflood project on its East Blinebry Unit, Blinebry Oil and Gas Pool, by the injection of water into the Blinebry formation through the following-described wells in Sections 11, 12, 13, 14, 23, and 24, all in Township 21 South, Range 37 East, NMPM, Lea County, New Mexico:

-3-

Case No. 6000
Order No. R-5591

<u>OPEPATOR</u> <u>LEASE</u>	<u>WELL</u> <u>NO.</u>	<u>LOCATION</u>
<u>Atlantic Richfield Company</u>		
Roy Barton	4	1750' FNL & 1980' FEL, Sec. 23
S. J. Sarkeys	2	330' FSL & 2310' FEL, Sec. 23
S. J. Sarkeys	3	2310' FSL & 330' FEL, Sec. 23
<u>J. R. Gore</u>		
Eubanks	1	660' FSL & 660' FWL, Sec. 14
Eubanks	3	1980' FSL & 1830' FWL, Sec. 14
<u>Continental Oil Company</u>		
Lockhart B-11	3	1980' FNL & 330' FWL, Sec. 11
Lockhart B-11	4	330' FNL & 1650' FWL, Sec. 11
Lockhart B-11	6	330' FNL & 330' FEL, Sec. 11
Lockhart B-11	8	660' FSL & 1980' FEL, Sec. 11
Lockhart B-11	11	1980' FSL & 330' FEL, Sec. 11
J. H. Nolan	17	1980' FNL & 1980' FEL, Sec. 11
J. H. Nolan	1	660' FSL & 660' FWL, Sec. 11
Lockhart B-12	3	1980' FSL & 1980' FWL, Sec. 11
Lockhart B-13-A	4	1650' FNL & 660' FWL, Sec. 12
Lockhart B-13-A	1	660' FSL & 660' FWL, Sec. 13
Lockhart B-14-A	2	1980' FNL & 660' FWL, Sec. 13
Lockhart B-14-A	3	660' FNL & 330' FEL, Sec. 14
	4	1980' FSL & 330' FEL, Sec. 14
<u>Getty Oil Company</u>		
D. A. Williamson	2	1980' FNL & 660' FWL, Sec. 23
D. A. Williamson	4	660' FNL & 1980' FWL, Sec. 23
<u>Gulf Oil Corporation</u>		
Naomi Keenum	2	660' FSL & 1980' FEL, Sec. 14
Nancy Stephens	2	1980' FNL & 660' FWL, Sec. 24
Nancy Stephens	3	660' FNL & 1980' FWL, Sec. 24
<u>Mobil Oil Corporation</u>		
Stephens Estate	2	660' FSL & 660' FWL, Sec. 24
Williamson	1	660' FNL & 660' FEL, Sec. 23
<u>Moranco</u>		
Owen	1	1980' FNL & 660' FWL, Sec. 14

-4-

Case No. 6000
Order No. R-5591

<u>OPERATOR</u> <u>LEASE</u>	<u>WELL</u> <u>NO.</u>	<u>LOCATION</u>
<u>Shell Oil Company</u>		
Andrews	2	990' FNL & 1980' FWL, Sec. 14
Sarkeys	1	660' FSL & 660' FWL, Sec. 23
Sarkeys	2	1980' FSL & 1980' FWL, Sec. 23
Smith	1	1980' FNL & 1980' FEL, Sec. 14
<u>Continental Oil Company</u>		
Lockhart B-12	6	330' FNL & 1980' FWL, Sec. 12
Lockhart B-12	9	1980' FNL & 2310' FEL, Sec. 12
Lockhart B-13-A	4	1980' FSL & 1980' FWL, Sec. 13
Lockhart B-13-A	6	1980' FNL & 1980' FEL, Sec. 13
<u>Shell Oil Company</u>		
Chesher	1	1980' FSL & 1980' FWL, Sec. 12
Chesher	2	660' FSL & 660' FWL, Sec. 12
Fields	1	660' FSL & 2310' FEL, Sec. 12
<u>Summit Energy, Inc.</u>		
Gulf Bunin	2	660' FNL & 1650' FWL, Sec. 13

(2) That injection into each of said wells should be through internally coated tubing, set in a packer which shall be located as near as practicable to the uppermost perforation; that the casing-tubing annulus of each injection well shall be tested for leaks, be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device, and that the injection wells or system shall be equipped in such a manner as to limit wellhead injection pressure to no more than 1140 psi.

(3) That the Secretary-Director of the Commission may administratively authorize a pressure limitation in excess of 1140 psi upon a showing by the operator that such higher pressure will not result in fracturing of the confining strata.

(4) That the wells within the project area shall be equipped with risers or in another acceptable manner such as to facilitate the periodic testing of the bradenhead for pressure or fluid production.

(5) That before the Shell Oil Company Fields Well No. 1 in Unit O of Section 12, Shell Oil Company Smith Well No. 1 in Unit G of Section 14, and Atlantic Richfield Company Sarkeys Well No. 3 in Unit I of Section 23, all in Township 21 South,

-5-

Case No. 6000

Order No. R-5591

Range 37 East, may be converted to injection, the operator shall cause cement bond logs to be run on each of said wells and shall further cause any such well found to be inadequately cemented across and above the Blinebry zone to be recemented in such a manner as to ensure the presence of cement throughout the Blinebry formation and a minimum of 500 feet above the top thereof.

(6) That within 6 months after initiation of injection within the project, the operators of the following wells, all in Township 21 South, Range 37 East, NMPM, shall cause cement bond logs to be run in the wells and shall further cause any such well found to be inadequately cemented across and above the Blinebry zone to be recemented in such a manner as to ensure the presence of cement throughout the Blinebry formation and a minimum of 500 feet above the top thereof:

OPERATOR	LEASE NAME	WELL NO.	UNIT	SECTION
Imperial American Management Company	Bunin	3Y	A	13
Tenneco Oil Company	Elliott Federal	1	T	1
Continental Oil Co.	Hawk "B-3"	7	Q	3
Continental Oil Co.	Hawk "B-3"	1	X	3
Exxon Co.	State "V"	6	J	10
Aztec Oil & Gas Co.	Dauron	3	A	10
Gulf Oil Corporation	Eubank	8	G	22

(7) That the operators shall notify the Commission's Hobbs district office of the date and time of operations required by Orders Nos. (5) and (6) of this Order so that the Commission may at its option witness such operations.

(8) That the operator of the project, or of any affected nearby property, shall immediately notify the supervisor of the Commission's Hobbs district office of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from around any producing well, the leakage of water or oil from any plugged and abandoned well within the project area or any other evidence of fluid migration from the injection zone, and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(9) That the subject waterflood project is hereby designated the Atlantic Richfield East Blinebry Unit Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(10) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in

-6-

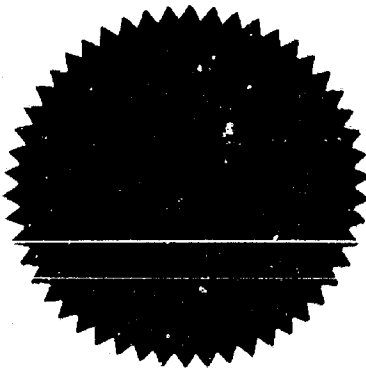
Case No. 6000
Order No. R-5591

accordance with Rules 704 and 1115 of the Commission Rules and Regulations.

(11) 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 herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

fd/



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

August 6, 1980

POST OFFICE BOX 2088
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SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Clarence Hinkle
Hinkle, Cox, Eaton, Coffield
& Hensley
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: CASE NO. 6000
ORDER NO. R-5591-B

Applicant:

Atlantic Richfield Company

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Booker Kelly, Thomas Kellahin, H. L. Kendrick, Glenn
Emerick, Bruce Landis

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

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

CASE NO. 6000
Order No. R-5591-B

APPLICATION OF ATLANTIC RICHFIELD
COMPANY FOR A WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for rehearing at 9 a.m. on February 21, 1978, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 5th day of August, 1980, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 6000 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

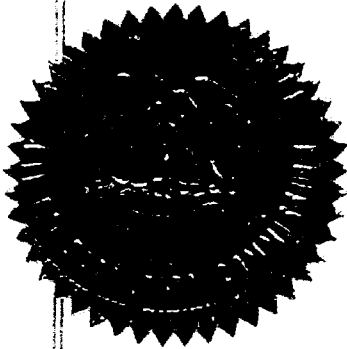
-2-
Case No. 6000
Order No. R-5591-B

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


ALEX B. ARMIGO, Member


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary



S E A L

dr/



J. M. Brown
Division Engineering
Manager

Amoco Production Company

500 Jefferson Building
P.O. Box 8092
Houston, Texas 77001

JUL 18 1977

OIL CONSERVATION COMM.
Santa Fe

July 14, 1977

File: BAL-416-3111

Re: Proposed E. Blinbry and E. Drinkard Units
Lea County, New Mexico

Case File
RJL

Oil Conservation Commission
State of New Mexico
310 Old Santa Fe Trail
Santa Fe, NM 87501

Gentlemen:

The application of Atlantic Richfield Company for statutory unitization and waterflooding of the E. Blinbry and E. Drinkard Areas, Lea County, New Mexico, has been designated as Cases 5997 through 6000 on the hearing docket for July 20, 1977.

This will advise that Amoco Production Company has signed the Unit Agreements and the Unit Operating Agreements for these projects. Amoco supports the application of Atlantic Richfield Company for statutory unitization and joins in urging approval by the Commission for this pending waterflood operation to achieve additional secondary oil recovery.

Yours very truly,

J M Brown *[Signature]*

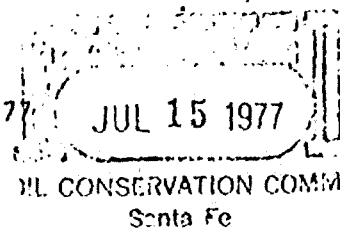
ROC/paj
4/670

cc: Mr. J. L. Tweed
Atlantic Richfield Company
P. O. Box 1610
Midland, TX 79701



Chevron U.S.A. Inc.
P.O. Box 599, Denver, CO 80201

July 12, 1977



New Mexico Oil Conservation Commission
P. O. Box 2088
State Land Office Bldg.
Santa Fe, NM 87501

Attention Mr. Richard L. Stamets

Gentlemen:

Chevron U.S.A. Inc. supports Atlantic Richfield Company in the proposals to be presented in Case Nos. 5997, 5998, 5999 and 6000 scheduled for July 20, 1977.

Atlantic Richfield Company will propose the formation of the East Drinkard Unit area and the East Blinebry Unit area and the initiation of waterflood projects thereon. Chevron U.S.A. Inc. will be a working interest owner in the proposed units.

Yours very truly,

G. M. Emerick
Senior Staff Engineer-Proration

GME:jl

cc: Mr. E. E. Hagan

LAW OFFICES

HINKLE, COX, EATON, COFFIELD & HENSLEY

600 HINKLE BUILDING

POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88201

W. E. BONOURANT, JR. (214-1973)

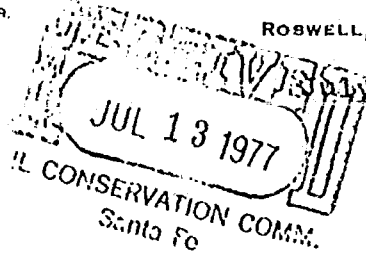
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STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.

JAMES H. BOZARTH
JAMES H. ISBELL
DOUGLAS L. LUNSFORD
PAUL M. BOHANNON
J. DOUGLAS FOSTER



Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Re: Cases 5997, 5998, 5999, 6000
Examiner's docket July 20

Gentlemen:-

Our client, Atlantic Richfield Company, has requested that we ask for a continuance of the above cases which are on the examiner's docket for July 20 to the second examiner's hearing in September, which I assume will be on the 21st. *Cher*

The reason for the continuance is that additional time is needed within which to get some of the parties to consent to or ratify the unit agreements.

You may consider this as a motion for continuance of the above cases to the above mentioned date.

Cases 5997 and 5999 are for approval of unit agreements for the East Drinkard and East Blinbry Units. These applications were made under the provisions of the Statutory Unitization Act and we note in the publication the Act was not referred to. We do not know whether it is necessary to refer to the fact that these applications are made under this act but call your attention to this so that if you consider it material in the re-publication as to the continued date this may be included.

Yours very truly,

HINKLE, COX, EATON, COFFIELD & HENSLEY

BY *Clarence Hinkle*

CEH:cs

cc: Mr. Duncan Holt
cc: Mr. R. E. Powers
cc: Mr. Bob Malaise
cc: M.. Bill Coleman

- CASE 5939: Application of Continental Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Marshall Well No. 8 to be located 2600 feet from the South line and 1230 feet from the West line of Section 19, Township 23 South, Range 33 East, Cruz-Delaware Pool, Lea County, New Mexico.
- CASE 5990: Application of Continental Oil Company for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its AXI Apache "D" Well No. 5 to be located 2310 feet from the North line and 990 feet from the West line of Section 19, Township 24 North, Range 4 West, Ballard-Pictured Cliffs Pool, Rio Arriba County, New Mexico.
- CASE 5991: Application of Continental Oil Company for capacity allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a capacity allowable for its Pearl "B" Well No. 4 located 330 feet from the South line and 2310 feet from the West line of Section 25, Township 17 South, Range 32 East, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.
- CASE 5992: Application of Burleson & Huff for compulsory pooling and a non-standard unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 NW/4 of Section 14, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to form a non-standard 40-acre gas proration unit to be dedicated to applicant's Cooper Well No. 1 located in Unit F of said Section 14, or in the alternative to drill another well at a standard location thereon. Also to be considered will be the cost of recompletion or of drilling and completing the unit well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in recompleting or drilling said well.
- CASE 5993: Application of Lively Exploration Company for an exception to the provisions of Order No. R-5459, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Order No. R-5459 to exclude its Chacra Well No. 7Y in Unit F of Section 35, Township 30 North, Range 8 West, San Juan County, New Mexico, from the vertical limits of the Blanco-Mesaverde Pool as defined by said order.
- CASE 5994: Application of Tenneco Oil Company for an exception to the provisions of Order No. R-5459, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Order No. R-5459 to exclude its Florence Well No. 29-A in Unit F of Section 25, and its Northeast Blanco Unit Well No. 64 in Unit P of Section 24, both in Township 30 North, Range 8 West, San Juan County, New Mexico, from the vertical limits of the Blanco-Mesaverde Pool.
- CASE 5995: Application of Tenneco Oil Company for dual completions and waterflood expansions, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its South Hospah-Upper Sand and -Lower Sand Waterflood Projects by dually completing its Hospah Unit Wells Nos. 58 and 59, located in Units F and G, respectively, of Section 12, Township 17 North, Range 9 West, McKinley County, New Mexico, in such a manner as to permit water injection into each of said zones thru parallel strings of tubing.
- CASE 5996: Application of Petroleum Corporation of Texas for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation through the perforated interval from 6852 feet to 6877 feet in its Dexter Federal Well No. 3 located in Unit I of Section 22, Township 17 South, Range 30 East, Jackson Abo Pool, Eddy County, New Mexico.
- CASE 5997: Application of Atlantic Richfield Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its East Drinkard Unit Area comprising 3080 acres, more or less, of Federal and fee lands in Sections 11, 12, 13, 14, 23 and 24, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 5998: Application of Atlantic Richfield Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Drinkard Unit Area, Lea County, New Mexico, by the injection of water into the Drinkard formation through 30 wells.
- CASE 5999: Application of Atlantic Richfield Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its East Blinbry Unit Area comprising 3080 acres, more or less, of Federal and fee lands in Sections 11, 12, 13, 14, 23, and 24, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 6000: Application of Atlantic Richfield Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Blinbry Unit Area, Lea County, New Mexico, by the injection of water into the Blinbry formation through 38 wells.

Dockets Nos. 25-77 and 26-77 are tentatively set for hearing on August 3 and August 17, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 20, 1977

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE:** (1) Consideration of the allowable production of gas for August, 1977, from fifteen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for August, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5982: Application of Sam H. Snoddy for directional drilling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of two 14,000-foot Morrow gas wells in Unit P of Section 25, Township 20 South, Range 32 East, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, one of which would be vertically drilled to a depth of 4000 feet from a surface location 660 feet from the South line and 760 feet from the East line of said Section 25, then directionally drilled in a North-Northwesterly direction and bottomed in the approximate center of the NE/4 of said Section 25, the N/2 of the section being dedicated to the well; the other well would be vertically drilled to a depth of 4000 feet from a surface location 760 feet from the South line and 660 feet from the East line of said Section 25, then directionally drilled in a West-Northwesterly direction and bottomed in the approximate center of the SW/4 of said Section 25, which would be a 160-acre non-standard unit for said well.

CASE 5983: Application of Yates Petroleum Corporation for the amendment of Order No. R-5445, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5445 to provide for a 200 percent risk factor for drilling the unit well rather than 20 percent. Said order pooled the N/2 of Section 19, Township 20 South, Range 25 East, Eddy County, New Mexico.

CASE 5984: Application of Morris R. Antwell for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in and underlying the N/2 of Section 20, Township 18 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5985: Application of Orla Petco, Inc., for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its B. K. Morrison Well No. 1 to be located 1980 feet from the South line and 660 feet from the West line of Section 5, Township 19 South, Range 26 East, Eddy County, New Mexico, the S/2 of said Section 5 to be dedicated to the well.

CASE 5986: Application of J. Gregory Merrion for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Devils Fork-Gallup and Mesaverde production in the wellbore of his Edna Well No. 2 located in Unit O of Section 7, Township 24 North, Range 6 West, Rio Arriba County, New Mexico.

CASE 5987: Application of Getty Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup, Mesaverde, and Dakota production in the wellbore of its C. W. Roberts Well No. 5, located in Unit F of Section 17, Township 25 North, Range 3 West, Rio Arriba County, New Mexico. Applicant also seeks approval for the reopening of its C. W. Roberts Wells Nos. 3 and 4 and its Lydia Rentz Well No. 4 to commingle Dakota, Mesaverde, and possibly Gallup production within the wellbores of the above-described wells located in Units O, M, and A of Sections 18, 17, and 19, respectively, of the same township.

CASE 5988: Application of Continental Oil Company for three unorthodox locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 2-A of the Blanco-Mesaverde Gas Pool Rules, to permit the drilling of its AXI Apache "N" Wells Nos. 12 and 14 in the NW/4 of Sections 11 and 1, respectively, and its AXI Apache "O" Well No. 10 in the SE/4 of Section 3, all in Township 25 North, Range 4 West, Rio Arriba County, New Mexico. Each of said wells is the first Mesaverde well on its proration unit.

JUN 23 1977

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF ATLANTIC RICHFIELD COMPANY
FOR APPROVAL OF A WATERFLOOD PROJECT IN
CONNECTION WITH THE PROPOSED UNIT AGREE-
MENT FOR THE DEVELOPMENT AND OPERATION OF
THE EAST BLINEBRY UNIT AREA EMBRACING
3,080 ACRES IN TOWNSHIP 21 SOUTH, RANGE
37 EAST, LEA COUNTY. APPLICANT PROPOSES
TO INJECT WATER INTO THE BLINEBRY FORMATION
WHICH IS TO BE UNITIZED UNDER SAID UNIT
AGREEMENT THROUGH 38 INJECTION WELLS
LOCATED WITHIN THE UNIT AREA. APPLICANT
ALSO SEEKS ESTABLISHMENT OF A PROJECT
ALLOWABLE AND AN ADMINISTRATIVE PROCEDURE
WHEREBY THE LOCATION OF THE INJECTION WELLS
MAY BE CHANGED.

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Comes Atlantic Richfield Company, acting by and through the undersigned attorneys, and hereby makes application for approval of a waterflood project in connection with the proposed unit agreement for the development and operation of the East Blinebry Unit Area embracing 3,080 acres in Township 21 South, Range 37 East, Lea County. Applicant proposes to inject water into the Blinebry formation which is to be unitized under said unit agreement through 38 injection wells located within the unit area. Applicant also seeks establishment of a project allowable and an administrative procedure whereby the location of the injection wells may be changed; and in support thereof respectfully shows:

1. Applicant is in the process of forming a unit agreement for the operation and development of the East Blinebry Unit Area and application has been made to the Oil Conservation Commission for approval of said unit simultaneously herewith. The proposed unit agreement embraces the following described lands situated in Lea County:

Township 21 South, Range 37 East, N.M.P.M.

Section 11 - All
Section 12 - $W\frac{1}{2}E\frac{1}{2}$, $W\frac{1}{2}$
Section 13 - $W\frac{1}{2}NE\frac{1}{4}$, $NW\frac{1}{4}SE\frac{1}{4}$, $W\frac{1}{2}$
Section 14 - All
Section 23 - All
Section 24 - $NW\frac{1}{4}$, $W\frac{1}{2}SW\frac{1}{4}$

2. It is contemplated that applicant will be the unit operator under the terms of the unit agreement and the primary objective of the unit will be to formulate and put into effect a secondary recovery project in order to effect additional recovery of unitized substances, prevent waste and conserve natural resources consistent with good engineering practices.

3. There is attached hereto as Exhibit 1 a plat showing the outlines of the proposed unit area, the location of all wells producing from the proposed unitized formation within the unit area and all other wells within a radius of two miles thereof, and the formations from which the same are producing. This exhibit also indicates the ownership of the respective leases.

All of the wells within the unit area have reached an advanced stage of depletion and are regarded as what is commonly known as "stripper" wells.

4. There is also filed herewith as Exhibit 2 a plat showing the location of the proposed injection wells. Also attached as Exhibit 3 is a list of the names and locations of the proposed injection wells. All of these wells are producing wells which will be converted to injection wells.

5. There is also filed herewith copies of electrical logs of all the wells which are to be converted to injection wells. Also filed herewith are diagrammatic sketches of each proposed injection well showing all casing strings, including diameters and setting depths, quantities used and tops of cement, perforated or open hole intervals, tubing strings, including diameters and setting depths, and the type and location of packers.

6. Applicant proposes to inject water into the unitized formation through the injection wells. Water will be obtained through the drilling of water wells in the vicinity of the unit area to the San Andres formation. It is anticipated that by the time of the hearing on this application, applicant will be able to anticipate the timing for the injection of water into the various injection wells and the anticipated volumes of water which will be injected.

7. Applicant is filing simultaneously herewith application for approval of the East Drinkard Unit, the unit area of which is identical with the proposed unit area for the East Blinbry Unit. There is also being filed simultaneously an application for waterflood project for the East Drinkard Unit Area. Applicant will also be the operator of the East Drinkard Unit and waterflood project in connection therewith and it is proposed that the two units and the two waterflood projects be operated simultaneously and that the production from the two units

be commingled either in common well bores or surface facilities and for the purpose of allocating working interest and royalty interest production all production from the two units will be allocated and credited as if 64.544% of the production had been produced from the East Blinebry Unit and 35.456% had been produced from the East Drinkard Unit.

8. There is attached hereto as Exhibit 4 a list of the ownership of all acreage outside the unit area which offsets injection wells.


9. Applicant also seeks the establishment of a project allowable in connection with the provisions of Rule 701 of the Commission and also the establishment of an administrative procedure for any changes which may prove necessary in connection with the injection wells.

10. It is anticipated that approximately 5,850,000 barrels of secondary oil will be recovered from the Blinebry formation and approximately 3,150,000 barrels of secondary oil from the Drinkard formation, or a total of 9,000,000 barrels of secondary oil which would not otherwise be recovered.

11. Applicant requests that this matter be heard before an examiner at the hearing on July 20, 1977.

Respectfully submitted,

ATLANTIC RICHFIELD COMPANY

BY 
HINKLE, COX, EATON, COFFIELD & HENSLEY
P.O. Box 10
Roswell, New Mexico 88201

PROPOSED INJECTION WELLS
EAST BLINEBRY & EAST DRINKARD UNIT
Lea County, New Mexico

OPERATOR LEASE	WELL NO.	LOCATION
<u>A. Dual Completion Blinebry & Drinkard Injectors</u>		
<u>Atlantic Richfield Company</u>		
Roy Barton	4	1750' FNL & 1980' FEL Sec. 23, T-21S, R-37E
S. J. Sarkeys	2	330' FSL & 2310' FEL Sec. 23, T-21S, R-37E
S. J. Sarkeys	3	2310' FSL & 330' FEL Sec. 23, T-21S, R-37E
<u>J. R. Cone</u>		
Eubanks	1	660' FSL & 660' FWL Sec. 14, T-21S, R-37E
Eubanks	3	1920' FSL & 1830' FWL Sec. 14, T-21S, R-37E
<u>Continental Oil Company</u>		
Lockhart B-11	3	1980' FNL & 330' FWL Sec. 11, T-21S, R-37E
Lockhart B-11	4	330' FNL & 1650' FWL Sec. 11, T-21S, R-37E
Lockhart B-11	6	330' FNL & 330' FEL Sec. 11, T-21S, R-37E
Lockhart B-11	8	1980' FEL & 660' FSL Sec. 11, T-21S, R-37E
Lockhart B-11	11	330' FEL & 1980' FSL Sec. 11, T-21S, R-37E
Lockhart B-11	17	1980' FNL & 1980' FEL Sec. 11, T-21S, R-37E
J. H. Nolan	1	660' FSL & 660' FWL Sec. 11, T-21S, R-37E
J. H. Nolan	3	1980' FSL & 1980' FWL Sec. 11, T-21S, R-37E
Lockhart B-12	4	1650' FNL & 660' FWL Sec. 12, T-21S, R-37E
Lockhart B-13-A	1	660' FSL & 660' FWL Sec. 13, T-21S, R-37E
Lockhart B-13-A	2	1980' FNL & 660' FWL Sec. 13, T-21S, R-37E
Lockhart B-14-A	3	660' FNL & 330' FEL Sec. 14, T-21S, R-37E
Lockhart B-14-A	4	1980' FSL & 330' FEL Sec. 14, T-21S, R-37E
<u>Getty Oil Company</u>		
D. A. Williamson	2	1980' FNL & 660' FWL Sec. 23, T-21S, R-37E
D. A. Williamson	4	660' FNL & 1980' FWL Sec. 23, T-21S, R-37E
<u>Gulf Oil Corporation</u>		
Naomi Keenum	2	660' FSL & 1980' FEL Sec. 14, T-21S, R-37E
Nancy Stephens	2	1980' FNL & 660' FWL Sec. 24, T-21S, R-37E
Nancy Stephens	3	660' FNL & 1980' FWL Sec. 24, T-21S, R-37E
<u>Mobil Oil Corporation</u>		
Stephens Estate	2	660' FSL & 660' FWL Sec. 24, T-21S, R-37E
Williamson	1	660' FNL & 660' FEL Sec. 23, T-21S, R-37E

PROPOSED INJECTION WELLS
EAST BLINEBRY & EAST DRINKARD UNITS
Lea County, New Mexico
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<u>OPERATOR</u> <u>LEASE</u>	<u>WELL</u> <u>NO.</u>	<u>LOCATION</u>
<u>Moranco</u>		
Owen	1	1980' FNL & 660' FWL Sec. 14, T-21S, R-37E
<u>Shell Oil Company</u>		
Andrews	2	990' FNL & 1980' FWL Sec. 14, T-21S, R-37E
Sarkeys	1	660' FSL & 660' FWL Sec. 23, T-21S, R-37E
Sarkeys	2	1980' FSL & 1980' FWL Sec. 23, T-21S, R-37E
Smith	1	1980' FNL & 1980' FEL Sec. 14, T-21S, R-37E
 <u>B. Single Completion Blinebry Injectors</u>		
<u>Continental Oil Company</u>		
Lockhart B-12	6	330' FNL & 1980' FWL Sec. 12, T-21S, R-37E
Lockhart B-12	9	1980' FNL & 2310' FEL Sec. 12, T-21S, R-37E
Lockhart B-13-A	4	1980' FSL & 1980' FWL Sec. 13, T-21S, R-37E
Lockhart B-13-A	6	1980' FNL & 1980' FEL Sec. 13, T-21S, R-37E
<u>Shell Oil Company</u>		
Chesher	1	1980' FSL & 1980' FWL Sec. 12, T-21S, R-37E
Chesher	2	660' FSL & 660' FWL Sec. 12, T-21S, R-37E
Fields	1	660' FSL & 2310' FEL Sec. 12, T-21S, R-37E
<u>Summit Energy, Inc.</u>		
Gulf Bunin	2	660' FNL & 1650' FWL Sec. 13, T-21S, R-37E

OFFSET OPERATORS
PROPOSED EAST BLINEBRY UNIT & EAST DRINKARD UNIT
Lea County, New Mexico

Aztec Oil & Gas Company
P. O. Box 837
Hobbs, New Mexico 88240

Continental Oil Company
P. O. Box 460
Hobbs, New Mexico 88240

Exxon Corporation
P. O. Box 1600
Midland, Texas 79702

Getty Oil Company
P. O. Box 1231
Midland, Texas 79702

Shell Oil Company
Mid Continent Prod. Div.
P. O. Box 991
Houston, Texas 77001

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702

Gulf Oil Corporation
Joint Operations Mgr.
P. O. Box 1150
Midland, Texas 79702

Acoma Oil Corporation
812 Continental Life Bldg.
Fort Worth, Texas 76102

Texas Pacific Oil Company, Inc.
1700 One Main Place
Dallas, Texas 75250

Imperial American Management Company
1041 Main Bldg.
Houston, Texas 77002

Mobil Oil Corporation
Attn: Joint Interest Administrator
Three Greenwood Plaza East
Houston, Texas 77046

Elliot Oil Company
P. O. Box 1355
Roswell, New Mexico 88201

Tenneco Oil Company
P. O. Box 2511
Houston, Texas 77001

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. 6000

Order No. R-~~5977~~ 5591

APPLICATION OF Atlantic Richfield Company
FOR A WATERFLOOD PROJECT, Lea
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 20,
19 77, at Santa Fe, New Mexico, before Examiner, the
Commission.

NOW, on this December day of 19 77, 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, Atlantic Richfield Company,
seeks authority to institute a waterflood project on its
East Blueberry Unit ~~lease~~, Blueberry Oil and Gas
Pool, by the injection of water into the Blueberry
formation through 38 injection wells in Sections 11, 12, 13, 14, 23 and 24,
Township 21, Range 37, NMPM, Lea
County, New Mexico.

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

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

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Case No. 6000

Order No. 5891

→ injection wells for said waterflood project, or are in close proximity to injection wells for said project, and

(5) That the evidence presented indicates that the following all in Township 21 South, Range 37 East, NMPM, are either wells, may not be adequately cemented so as to ~~contain injection~~ ^{injected into} water ^{cause} in the Blinebry Formation ^{to be contained in said formation:}

OPERATOR	LEASE NAME	WELL NO.	UNIT	SECTION	TOWNSHIP	RANGE
Shell Oil Co.	Fields	1	O	12	21S	37E
Shell Oil Co.	Smith	1	G	14	21S	37E
Atlantic Richfield Co.	Sarkeys	3	I	23	21S	37E
Imperial American Management Co.	Bunin	3Y	A	13	21S	37E
Tenneco Oil Co.	Elliott Fed.	1	T	1	21S	37E
Continental Oil Co.	Hawk "B-3"	7	Q	3	21S	37E
Continental Oil Co.	Hawk "B-3"	1	X	3	21S	37E
Exxon Co.	State "V"	6	J	10	21S	37E
Aztec Oil & Gas	Dauron	3	A	10	21S	37E
Gulf Oil Corp.	Eubank	8	G	22	21S	37E

(6) That the annular space between the casing and hole in the wells described in Finding (5) above could serve as an avenue of water migration from the Blinebry zone to other zones or to the surface.

(7) That to prevent such migration of water from the Blinebry zone, cement bond logs should be run on the wells ^{described} in Finding (5) above, and ~~recement~~ ^{in such a manner as to ensure the presence of cement} any such well not adequately cemented across and above the Blinebry zone ^{should be recemented throughout the Blinebry formation and a minimum of 500 feet above the top thereof.}

(8) That the wells within the project should be equipped to facilitate periodic testing of the annular space between strings of casings.

(9) That the operator should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(10) 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.

IT IS THEREFORE ORDERED:

(1) That the applicant, Atlantic Richfield Company, is hereby authorized to institute a waterflood project on its East Blinebry Unit, Blinebry Oil and Gas Pool, by the injection of water into the Blinebry formation through the following-described wells in Sections 11, 12, 13, 14, 23, and 24, all in Township 21 South, Range 37 East, NMPM, Lea County, New Mexico:

<u>OPERATOR</u>	<u>WELL</u>	<u>LOCATION</u>
<u>LEASE</u>	<u>NO.</u>	
A. Dual Completion Blinebry & Drinkard Injectors.		
<u>Atlantic Richfield Company</u>		
Roy Barton	4	1750' FNL & 1980' FEL, Sec. 23
S. J. Sarkeys	2	330' FSL & 2310' FEL, Sec. 23
S. J. Sarkeys	3	2310' FSL & 330' FEL, Sec. 23
<u>J. R. Cone</u>		
Eubanks	1	660' FSL & 660' FWL, Sec. 14
Eubanks	3	1980' FSL & 1830' FWL, Sec. 14
<u>Continental Oil Company</u>		
Lockhart B-11	3	1980' FNL & 330' FWL, Sec. 11
Lockhart B-11	4	330' FNL & 1650' FWL, Sec. 11
Lockhart B-11	6	330' FNL & 330' FEL, Sec. 11
Lockhart B-11	8	660' FSL & 1980' FEL, Sec. 11
Lockhart B-11	11	1980' FSL & 330' FEL, Sec. 11
Lockhart B-11	17	1980' FNL & 1980' FEL, Sec. 11
J. H. Nolan	1	660' FSL & 660' FWL, Sec. 11
J. H. Nolan	3	1980' FSL & 1980' FWL, Sec. 11
Lockhart B-12	4	1650' FNL & 660' FWL, Sec. 12
Lockhart B-13-A	1	660' FSL & 660' FWL, Sec. 13
Lockhart B-13-A	2	1980' FNL & 660' FWL, Sec. 13
Lockhart B-14-A	3	660' FNL & 330' FEL, Sec. 14
Lockhart B-14-A	4	1980' FSL & 330' FEL, Sec. 14
<u>Getty Oil Company</u>		
D. A. Williamson	2	1980' FNL & 660' FWL, Sec. 23
D. A. Williamson	4	660' FNL & 1980' FWL, Sec. 23

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Gulf Oil Corporation

Naomi Keenum	2	660' FSL & 1980' FEL, Sec. 14
Nancy Stephens	2	1980' FNL & 660' FWL, Sec. 24
Nancy Stephens	3	660' FNL & 1980' FWL, Sec. 24

Mobil Oil Corporation

Stephens Estate	2	660' FSL & 660' FWL, Sec. 24
Williamson	1	660' FNL & 660' FEL, Sec. 23

Moranco

Owen	1	1980' FNL & 660' FWL, Sec. 14
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Shell Oil Company

Andrews	2	990' FNL & 1980' FWL, Sec. 14
Sarkeys	1	660' FSL & 660' FWL, Sec. 23
Sarkeys	2	1980' FSL & 1980' FWL, Sec. 23
Smith	1	1980' FNL & 1980' FEL, Sec. 14

~~B. Single Completion Blinobry Injectors~~

Continental Oil Company

Lockhart B-12	6	330' FNL & 1980' FWL, Sec. 12
Lockhart B-12	9	1980' FNL & 2310' FEL, Sec. 12
Lockhart B-13-A	4	1980' FSL & 1980' FWL, Sec. 13
Lockhart B-13-A	6	1980' FNL & 1980' FEL, Sec. 13

Shell Oil Company

Chesher	1	1980' FSL & 1980' FWL, Sec. 12
Chesher	2	660' FSL & 660' FWL, Sec. 12
Fields	1	660' FSL & 2310' FEL, Sec. 12

Summit Energy, Inc.

Gulf Bunin	2	660' FNL & 1650' FWL, Sec. 13
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(2) That injection into each of said wells should be through internally coated tubing, set in a packer which shall be located as near as practicable to the uppermost perforation; that the casing-tubing annulus of each injection well shall be tested for leaks, be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device, and that the injection wells or system shall be equipped in such a manner as to limit wellhead ^{injection} pressure to no more than 1140 psi.

(3) That the Secretary-Director of the Commission may administratively authorize a pressure limitation in excess of 1140 psi

upon a showing by the operator that such higher pressure will not result in fracturing of the confining strata.

(4) That the wells within the project area shall be equipped with risers or in another acceptable manner such as to facilitate the periodic testing of the bradenhead for pressure or fluid production.

(5) That before the Shell Oil Company. Fields Well No. 1 in Unit O of Section 12, Shell Oil Company. Smith Well No. 1 in Unit G of Section 14, and Atlantic Richfield Company Sarkeys Well No. 3 in Unit I of Section 23, all in Township 21 South, Range 37 East, may be converted to injection, the operator shall cause ^{each of said} cement bond logs to be run on ~~such~~ wells and shall further cause any such well found to be inadequately cemented across and above the Blinbry zone to be recemented ^{in such a manner as to ensure the presence of cement throughout the Blinbry formation and a minimum of 500 feet above the top thereof.}

(6) That within 6 months after initiation of injection with-
^{all in Township 21 South, Range 37 East,}
in the project, the operators of the following wells, shall cause ^{NMPH,} cement bond logs to be run in the wells and shall further cause ^{across and above} any such well found to be inadequately cemented ^A the Blinbry zone to be recemented ^{in such a manner as to ensure the presence of cement throughout the Blinbry formation and a minimum of 500 feet above the top thereof.}

OPERATOR	LEASE NAME	WELL NO.	UNIT	SECTION	TOWNSHIP	RANGE
Imperial American Management Co.	Bunin	3Y	A	13	21S	37E
Tenneco Oil Co.	Elliott Fed.	1	T	1	21S	37E
Continental Oil Co.	Hawk "B-3"	7	Q	3	21S	37E
Continental Oil Co.	Hawk "B-3"	1	X	3	21S	37E
Exxon	State "V"	6	J	10	21S	37E
Aztec Oil & Gas	Dauron	3	A	10	21S	37E
Gulf Oil Corp.	Eubank	8	G	22	21S	37E

(7) That the operators shall notify the Commission's Hobbs district office of the date and time of operations required by ^{Nos.} Orders (5) and (6) of this Order so that the Commission may at its

option witness such operations.

(8) That the operator ^{of the project, or of any affected nearby property,} shall immediately notify the supervisor of the Commission's Hobbs district office of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from around any producing well, the leakage of water or oil from any plugged and abandoned well within the project area or any other evidence of fluid migration from the injection zone, and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(9) That the subject waterflood project is hereby designated the Atlantic Richfield East Blinberry Unit Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(10) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and ¹¹¹⁵ ~~1120~~ of the Commission Rules and Regulations.

(11) 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.

* ~~Rule 1115, while not applicable at this time, will be applicable before injection starts.~~

ROUGH

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

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

CASE NO. 6000

Order No. R-5591-B

APPLICATION OF ATLANTIC RICHFIELD
COMPANY FOR A WATERFLOOD
PROJECT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m.
on February 21, 1980, at Santa Fe, New Mexico,
before the Oil Conservation Commission of New Mexico, hereinafter
referred to as the "Commission."

NOW, on this _____ day of August, 1980, the
Commission, a quorum being present, having considered the
testimony presented and the exhibits received at said hearing,
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's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 6000 is hereby dismissed.

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

Joe WMS St of h m
O C Comm

Alex Armijo, Member

Energy Counsel, Member

