

CASE 6092: OCC TO CONSIDER THE RECLASS-
IFICATION OF PRESSURE MAINTENANCE
PROJECTS AS SECONDARY RECOVERY PROJECTS
IN CHAVES, ROOSEVELT AND LEA COUNTIES

Case Number

6092

Application

Transcripts.

Small Exhibits

FT

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 6092
Order No. R-6171

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION ON ITS OWN MOTION TO
CONSIDER THE RECLASSIFICATION
OF CERTAIN PRESSURE MAINTENANCE
PROJECTS IN CHAVES, ROOSEVELT,
AND LEA COUNTIES, NEW MEXICO,
AS SECONDARY RECOVERY PROJECTS.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 30, 1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 2nd day of November, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the Oil Conservation Division heretofore authorized the following Southeast New Mexico pressure maintenance projects in the named pools by the designated order:

<u>PROJECT</u>	<u>POOL</u>	<u>ORDER NO.</u>
Amoco Cato Baskett	Cato-San Andres	R-3867-B
Amoco Cato Wasley	Cato-San Andres	R-3867-B
Union Texas Baskett	Cato-San Andres	R-4362
Amoco Milnesand Horton	Milnesand-San Andres	R-3456
Amoco Midwest Nonombre	Nonombre-Penn	R-3071
Coastal States Flying "M"	Flying "M"-San Andres	R-3229
Mobil Vacuum Mid Penn	Vacuum-Middle Penn	R-4688

(3) That each of the above-named pressure maintenance projects has declined to the point where it can no longer be correctly classified as a "pressure maintenance" project but can be correctly classified as a "secondary recovery" project.

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(4) That due to certain recent changes in the rules governing reports, the reporting of injection and production is less complicated and time-consuming to operators of secondary recovery projects than is the similar reporting for pressure maintenance projects.

(5) That the processing of data relating to secondary recovery projects by the Oil Conservation Division of the New Mexico Energy and Minerals Department for the purpose of maintaining production records is less time-consuming than is the processing of similar data for pressure maintenance projects.

(6) That the reclassification of the pressure maintenance projects named in Finding No. (2) above as secondary recovery projects will result in a saving of time and effort by both the operators of the projects and by the Division in reporting and processing data relating to the projects, thereby preventing waste, and that said reclassification will not impair correlative rights.

(7) That even though some of the subject projects may not at this time be active projects, or even though some of the originally authorized injection wells may no longer be on active injection, the reclassification of said projects can most easily be carried out by rescinding the orders authorizing said projects as pressure maintenance projects and reauthorizing said projects as secondary recovery projects, subject to any particular rules previously promulgated for said projects which would still be applicable.

(8) That Order No. R-3867-B which authorized the Amoco Cato Baskett and Amoco Cato Wasley Pressure Maintenance Projects should be rescinded and approval given for the Amoco Cato Baskett and Amoco Cato Wasley Waterflood Projects.

(9) That Order No. R-3456 which authorized the Pan American Milnesand Horton Pressure Maintenance Project should be rescinded and approval given for the Amoco Milnesand Horton Waterflood Project.

(10) That Order No. R-3071 which authorized the Midwest Nonombre Pressure Maintenance Project should be rescinded and approval given for the Amoco Nonombre Waterflood Project.

(11) That Order No. R-3229 which authorized the Coastal States Flying "M" San Andres Pressure Maintenance Project should be rescinded and approval given for the Coastal States Flying "M" San Andres Waterflood Project.

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(12) That Order No. R-4688 which authorized the Mobil Vacuum-Middle Penn Pressure Maintenance Project should be rescinded and approval given for the Mobil Vacuum Middle Penn Waterflood Project.

(13) That Order No. R-4362 which authorized the Union Texas Cato Baskett Pressure Maintenance Project should be rescinded and approval given for the Union Texas Cato Baskett Waterflood Project.

IT IS THEREFORE ORDERED:

(1) That Orders Nos. R-3867-B, R-3456, R-3071, R-3229, R-4688, and R-4362 are hereby rescinded.

(2) That Amoco Production Company is hereby authorized to operate the Amoco Cato Baskett Waterflood Project and the Amoco Cato Wasley Waterflood Project, both in the Cato-San Andres Pool, Chaves County, New Mexico, in accordance with the following:

A. Injection into the Cato Baskett Project shall be through the following-described wells in Section 11, Township 8 South, Range 30 East, NMPM:

Baskett "D" Well No. 1, Unit G
Baskett "D" Well No. 2, Unit A
Baskett "D" Well No. 3, Unit O
Baskett "D" Well No. 4, Unit I
Baskett "B" Well No. 2, Unit C

B. Injection into the Cato Wasley Project shall be through the following-described wells in Section 14, Township 8 South, Range 30 East, NMPM:

Wasley Well No. 1, Unit C
Wasley Well No. 3, Unit A

C. Each of the aforesaid water injection wells shall be equipped with 2 3/8-inch plastic-lined tubing set in a packer. Further that the casing-tubing annulus of each of the aforesaid wells shall be filled with an inert fluid and the annulus equipped with a pressure gauge to facilitate detection of leakage in the tubing or packer.

D. The Oil Conservation Division Director is hereby authorized to approve additional Amoco Production Company Waterflood Projects without notice and hearing on lands which are contiguous to existing waterflood projects operated by Amoco Production Company or Union Texas Petroleum Company in the Cato-San Andres Pool. To obtain such approval, the applicant shall file proper application with the Division, which application shall include the following:

1. A plat showing the proposed project area, all wells within the project area, offset operators, and wells which offset the proposed project area.
2. A schematic drawing of the proposed injection wells which fully describes the casing, tubing, perforated interval, and depth showing that the injection of gas or water will be confined to the San Andres formation.
3. A letter stating that all offset operators to the proposed project have been furnished a complete copy of the application and the date of notification.

The Division Director may approve the proposed project and promulgate special rules therefor if, within 20 days after receiving the application, no objection to the proposal is received. The Division Director may grant immediate approval, provided waivers of objection are received from all offset operators.

(3) That Amoco Production Company is hereby authorized to operate the Amoco Milnesand Horton Waterflood Project in the Milnesand-San Andres Pool, Chaves County, New Mexico, in accordance with the following:

- A. Injection shall be through the following-described wells in Section 29, Township 8 South, Range 35 East, NMPM:

R. E. Horton Federal Well No. 30, Unit K
R. E. Horton Federal Well No. 31, Unit M

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- B. Each of the aforesaid water injection wells shall be equipped with tubing set in a packer, said packer being located within 100 feet of the uppermost perforation. Further, that the casing-tubing annulus shall be filled with an inert fluid and the annulus equipped with a pressure gauge or left open to facilitate detection of leakage in the tubing or packer.

(4) That Amoco Production Company is hereby authorized to operate the Amoco Nonombre Waterflood Project in the Nonombre-Pennsylvanian Pool, Lea County, New Mexico, in accordance with the following:

- A. Injection shall be through the following-described well in Section 29, Township 13 South, Range 34 East, NMPM:

Harris State Well No. 1, Unit N

- B. The aforesaid well shall be equipped with internally plastic-coated tubing and a packer, which shall be set at approximately 10,340 feet. Further, the casing-tubing annulus of said well shall be kept filled with a corrosion-inhibited fluid at all times.

(5) That Coastal States Gas Producing Company is hereby authorized to operate the Coastal States Flying "M" San Andres Waterflood Project in the Flying "M"-San Andres Pool, Lea County, New Mexico, in accordance with the following:

- A. Injection shall be through the following-described Flying "M" San Andres Unit wells in Township 9 South, Range 33 East, NMPM:

Tract 11 Well No. 1, Unit L, Section 15
Tract 5 Well No. 2, Unit D, Section 16
Tract 3 Well No. 3, Unit F, Section 17
Tract 12 Well No. 5, Unit F, Section 20
Tract 17 Well No. 2, Unit L, Section 22
Tract 1A Well No. 1, Unit B, Section 29
Tract 1B Well No. 4, Unit D, Section 33

(6) That Mobil Oil Corporation is hereby authorized to operate the Mobil Vacuum Middle Penn Waterflood Project in the Vacuum-Middle Pennsylvanian Pool, Lea County, New Mexico, in accordance with the following:

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- A. Injection shall be through the following-described well in Section 13, Township 17 South, Range 34 East, NMPM:

Bridges State Well No. 147, Unit F

- B. Injection into said well shall be through 2 3/8-inch tubing, set in a packer which shall be located at approximately 10,390 feet; that the casing-tubing annulus shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device and a pressure relief valve.
- C. The operator shall immediately notify the supervisor of the Division's Hobbs district office of the failure of the casing, tubing, or packer in said injection well, the leakage of gas, water or oil from or around any producing well, or the leakage of gas, water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(7) That Union Texas Petroleum, a Division of Allied Chemical Corporation, is hereby authorized to operate the Union Texas Cato Baskett Waterflood Project in the Cato-San Andres Pool, Chaves County, New Mexico, in accordance with the following:

- A. Injection shall be through the following-described well in Section 11, Township 8 South, Range 30 East, NMPM:

Baskett Well No. 1, Unit K

- B. The aforesaid water injection well shall be equipped with 2 3/8-inch plastic-lined tubing set in a packer, said packer being set at approximately 3335 feet. Further, that the casing-tubing annulus shall be filled with an inert fluid and the annulus equipped with a pressure gauge to facilitate detection of leakage in the tubing or packer.

C. The Oil Conservation Division is hereby authorized to approve additional Union Texas Petroleum Waterflood Projects and promulgate special rules therefor without notice and hearing on lands which are contiguous to existing Union Texas Petroleum or Amoco Production Company waterflood projects in the Cato-San Andres Pool. To obtain such approval, the applicant shall file proper application with the Division which application shall include the following:

1. A plat showing the proposed project area, all wells within the project area, offset operators, and wells which offset the proposed project area.
2. A schematic drawing of the proposed injection wells which fully describes the casing, tubing, perforated interval, and depth showing that the injection of gas or water will be confined to the San Andres formation.
3. A letter stating that all offset operators to the proposed project have been furnished a complete copy of the application and the date of notification.

The Division Director may approve the proposed project and promulgate special rules therefor if, within 20 days after receiving the application, no objection to the proposal is received. The Director may grant immediate approval, provided waivers of objection are received from all offset operators.

(8) That each of the above-described waterflood projects shall be operated in accordance with Rules 701, 702, and 703 of the Division Rules and Regulations.

(9) That monthly reports concerning said waterflood projects shall be filed in accordance with Rule 1115 of the Division Rules and Regulations.

(10) That the injection wells herein authorized for each of the subject projects as well as such additional wells which have been previously authorized for pressure maintenance

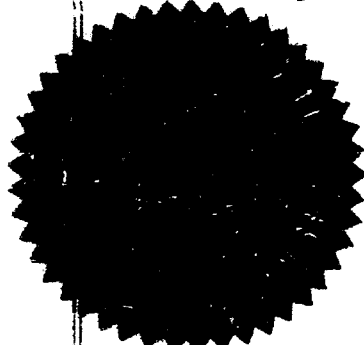
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injection are hereby approved for injection purposes until further order of the Division.

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

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/

Southeast New Mexico

R-3867 superseded by R-3867 B
R-3867-A superseded by R-3867 B

1, 2, 3

Operator	Pool	Pressure Maintenance Project Name	Order	County	Special Rules	Proposed Order No.
*Amoco Prod. Co.	Cato-San Andres	Cato Baskett PM	* R-3867	Chaves	Yes (1-10)	R-3867-C
"	"	Cato Wasley PM	* R-3867	Chaves	Yes (1-10+Order(5))	R-3867-C
"	Milnesand-San Andres	Milnesand Horton PM	* R-3456	Roosevelt	Yes (1-11)	R-3456-A
"	Nonombre-Pennsylvanian	Midwest Nonombre PM	* R-3071	Lee	None	R-3071-A
**Coastal St. Gas Prod. Co.	Flying "M"-San Andres	Flying "M"-San Andres PM	* R-3229	Lee	Yes (1-11)	R-3229-A
Mobil Oil Corp.	Vacuum-Middle Pennsylvanian	Vacuum Middle Pennsylvanian	* R-4688	Lee	None	R-4688-A
Union Tex. Pet. Corp.	Cato-San Andres	Baskett PM	* R-4362	Chaves	Yes (1-10)	R-4362-A

*R-3867 B restated special project rules and regulations

**Original project approved by Order R-3033. R-3229 re-established the project with special rules and regulations.

superseded
R-3229

* repeat
** repeat except Order #5

Northwest New Mexico

Operator	Pool	Pressure Maintenance Project Name	Order	County	Special Rules	Proposed Order No.
*Atlantic Richfield	Horseshoe-Gallup	Horseshoe Gallup Unit PM	R-2210	San Juan	Yes (1-11)	R-2210-B
**Dugan Prod. Corp.	Cha Cha-Gallup	Central Cha Cha Unit PM	R-2305	San Juan	Yes (1-11)	R-2305-A
Energy Reserves Group	Horseshoe-Gallup	Horseshoe Gallup PM No. 3	R-1876	San Juan	Yes (1-11)	R-1876-A
"	"	NE Hogback PM	R-2026	San Juan	Yes (1-11)	R-2026-A
Eng. & Prod. Serv. Inc.	"	Horseshoe Gallup PM No. 2	R-1745	San Juan	Yes (1-11)	R-1745-A
"	Many Rocks-Gallup	Many Rocks Gallup PM No. 1	R-2541	San Juan	Yes (1-11)	R-2541-A
Getty Oil Co.	"	Many Rocks Gallup PM No. 3	R-2664	San Juan	Yes (1-11)	R-2664-A
Shell Oil Co.	Bisti-Gallup	Carson Bisti-Lower Gallup PM	R-2065	San Juan	Yes (1-10)	R-2065-A
**Suburban Propane Gas Co.	Cha Cha-Gallup	Northwest Cha Cha Unit	R-2154	San Juan	Yes (1-11)	R-2154-A
Southwestern Gas Co.	South Hesper-Lower	Lower Hesper PM	R-4389	McKinley	Yes (1-10)	R-4389-A
"	Lone Pine-Dakota "D"	Lone Pine Dakota "D" PM	R-4263	McKinley	Yes (1-10)	R-4362-A
James P. Woosley	Many Rocks-Gallup	Many Rocks-Gallup PM No. 4	R-2700	San Juan	Yes (1-11)	R-2700-A

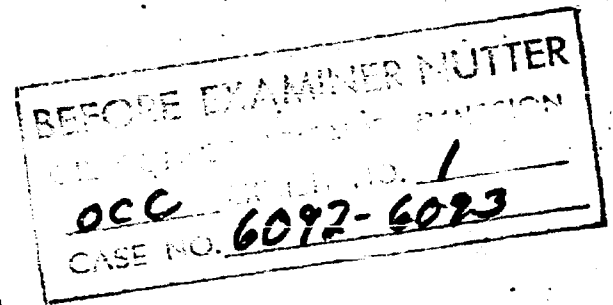
*Rule 11 provides for approval of injection and producing wells at orthodox and unorthodox locations.

**Established as Cha Cha-Gallup PM Project. R-2512 established Central Cha Cha Unit.

***Established as Cha Cha-Gallup PM Project. All Indian land Unit subsequently established.

R-2210, R2210-A, R2719
Order No. 2

Order No. 8



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 30, 1977

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil
Conservation Commission on its own
motion to consider the reclassification
of pressure maintenance projects as
secondary recovery projects.

CASE
6092
and
6093

BEFORE: Daniel S. Nutter, Examiner.

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

I N D E X

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1 MR. NUTTER: Call the next case, Case 6092, which
2 is in the matter of the hearing called by the Oil Conservation
3 Commission on its own motion to consider the reclassification
4 of certain pressure maintenance projects in southeast New
5 Mexico as secondary recovery projects.

6 We will also call at this time Case Number 6093,
7 which is in the matter of the hearing called by the Oil
8 Conservation Commission on its own motion to consider the
9 reclassification of certain maintenance projects in north-
10 west New Mexico as secondary recovery projects.

11 For the purpose of testimony we will consolidate
12 Case Number 6092 and Case Number 6093 and I'll call for
13 appearances.

14 MS. TESCHENDORF: Lynn Teschendorf, appearing on
15 behalf of the Commission and I have one witness, Mr. Stamets,
16 and I would like the record to reflect that he has previously
17 been sworn.

18 MR. NUTTER: Mr. Stamets is still under oath. Are
19 there other appearances in these two cases?

20 Would you please proceed?

21
22 RICHARD L. STAMETS
23 was called as a witness by the Commission, and having been
24 first duly sworn, testified upon his oath as follows, to-wit:
25

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DIRECT EXAMINATION

1
2 BY MS. TESCHENDORF:

3 Q Mr. Stamets, what is the history behind these two
4 cases?

5 A Beginning with the January 1978, secondary recovery
6 project reports, we are eliminating Form C-120, which is
7 the old water flood report form and requiring that the
8 injection information be shown on Form C-115. This is for
9 simplicity and convenience and let us use the computer to
10 keep track of projects for us and the Environmental Protection
11 Agency.

12 Pressure maintenance projects, historically, have
13 required a different report form from Form C-120 and most
14 required calculations of voidage and projections of needed
15 project allowable.

16 Now, many of the old pressure maintenance projects
17 have long since passed their peak and are producing little
18 or no primary oil and are, in fact, at this stage simply
19 secondary recovery projects.

20 Filing of the special pressure maintenance project
21 report in these cases is really a waste of time. I have asked
22 our District Supervisors to identify such projects for me
23 and contact the operator of those projects to make sure they
24 had no objection to the reclassification of the same to
25 water floods and they submitted the same to me and these

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1 were advertised for hearing today.

2 Q Do you have any exhibits showing these projects?

3 A Yes. I have already handed the Examiner Exhibit
4 Number One in both of these cases.

5 Q What does that exhibit show?

6 A The exhibit, the top half of the exhibit is for
7 southeast New Mexico and the bottom half is for northwest
8 New Mexico and reading left to right it shows the project
9 operator, the pool in which the project is located, and the
10 pressure maintenance project name, the order number which
11 authorized the project, the county in which it is located,
12 and it indicates whether there are special rules applicable
13 to the project, and what those rule numbers are.

14 And then, a proposed order number is in there simply
15 for the convenience of the Examiner. I would assume that
16 we would probably want to issue an order in these cases
17 which would redesignate the project and rescind the special
18 rules.

19 Now, for southeast New Mexico I have a couple of
20 projects with asterisks -- the first one an Amoco project
21 in Cato. It just simply points out that order R-3867 be
22 restated -- the special project rules and regulations.

23 There was an earlier, I think R-3867, established
24 the project but a later order established two projects and
25 gave us special rules for that particular project.

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1 The second one, Costal States gas project, the
2 original project was approved by one order and a later
3 order established the project with special rules and
4 regulations.

5 Moving on down into northwest New Mexico, the
6 first one listed is Atlantic Richfield and this is the only one
7 that has a rule that I really believe needs to be retained.

8 Rule 11, and it provides for approval of injection
9 and producing wells at orthodox and unorthodox locations.
10 The rest of these are general rules and regulations and
11 would grant them in all of the special rules that had been
12 provided for by the order.

13 The second one is the Dugan Production Corporation
14 Cha Cha project and that was established under one name
15 but subsequently a unit agreement was established and
16 changed the project name.

17 The last one is the Suburban Propane project and,
18 again, this was established with one name and a unit has
19 been established which is all Indian land in the unit and
20 resulted in the project being called by a different name.

21 Q Were there any errors in the exhibit as
22 advertised?

23 A The exhibit is correct. There was one error in
24 advertising in Case 6093. We did advertise the Tenneco
25 South Upper Hospah Project to be reclassified but on closer

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1 examination this was already classified as a water flood
2 and no change was needed.

3 Q I think you have already covered this but will you
4 repeat as to what you would recommend as to the order?

5 A Yes, I feel that we should issue probably a
6 series of orders reclassifying each of these projects as
7 secondary recover and rescind any special rules and regulations
8 with the exception of Rule 11 in the one case previously
9 mentioned, the Arco project in the Horseshoe Gallup, and
10 causing such projects to be subject to Rules 701, 2, 3 and
11 704, and this should be effective 1/1/78.

12 Q Do you have anything further?

13 A No, I don't.

14 Q Was Exhibit One in Cases 6092 and 6093 prepared by
15 you or under your supervision?

16 A It was.

17 MS. TESCHENDORF: We offer Exhibit One in both
18 cases.

19 MR. NUTTER: Exhibit Number One in Cases 6092 and
20 6093 will be admitted in evidence.

21

22

CROSS EXAMINATION

23 BY MR. NUTTER:

24 Q Mr. Stamets, as I understand it you are not
25 proposing to change any of the methods of operation of these

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1 projects, it is simply to reclassify them as secondary recovery
2 projects because they more appropriately fit that term
3 than a pressure maintenance at this time?

4 A That's correct.

5 Q And it would be easier to report secondary production
6 and injection rather than secondary recovery as a pressure
7 maintenance?

8 A That's right.

9 MR. NUTTER: Are there any questions of Mr. Stamets
10 on these cases?

11 Mr. Tully?

12 MR. TULLY: This is kind of a clarification thing.
13 If these are reclassified as secondary recovery projects
14 and then assuming that these 701, 702 -- 700 Series that
15 were previously before the Commission earlier in the day, then,
16 are we going to have to retroactively go back and file these
17 reports that you were talking about previously?

18 THE WITNESS: Mr. Tully, that would apply no matter
19 what they are classified as -- whether they continued to be
20 classified as pressure maintenance or if they are changed
21 over to secondary recovery. There would be no difference in
22 the application of the rules. The only difference would be
23 in the monthly reporting.

24 MR. NUTTER: Are there any other questions?

25 The witness may be excused. Does anyone have anything they

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1 wish to offer in Case 6092 or 6093?

2 We will take the cases under advisement.

3 (THEREUPON, the witness was excused and

4 the case was concluded.)

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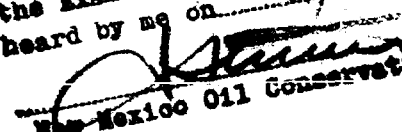
REPORTER'S CERTIFICATE

1
2 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
3 do hereby certify that the foregoing and attached Transcript
4 of Hearing before the New Mexico Oil Conservation Commission
5 was reported by me, and the same is a true and correct record
6 of the said proceedings to the best of my knowledge, skill and
7 ability.

8
9
10
11 
12 Sidney F. Morrish, C.S.R.

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13
14
15 I do hereby certify that the foregoing is
16 a complete record of the proceedings in
17 the Examiner hearing of Case No. 6092-93
18 heard by me on 11/30, 19 97.
19 , Examiner
20 New Mexico Oil Conservation Commission
21
22
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25

R3867-B Amoco Cato Baskett
" " Waskley

P 353

Order 1 amend & keep
2 " " "
3 Keep
4 ~~Keep~~ - out
5 amend & keep
6 keep
7 keep

R 3456 Amoco Milwaukee Horton P301

Order 1 Amend & keep
2 amend & keep
3 amend & keep
4 keep and (miles)
5 keep

P-3071 Amoco ^{midwest} ~~Honorable~~ rights P 222

1 amend & keep
2 keep
3 amend & keep
4 amend & keep
5 keep

Case No. —

In the matter of the hearing called by the Oil
 Conservation Commission on its own motion to
 consider the reclassification of the following
 pressure maintenance projects as secondary
 recovery projects: the Amoco Baskett and
 Wadley Projects, ~~State of San Andres Pool, Chavez County~~
 and the Union Texas Baskett Project, ^{all in} ~~State of~~ ^{San Andres} ~~Pool, Chavez County,~~
 Pool, Chavez County, ^{New Mexico,} The Amoco Horton Project, ~~in~~
 Milnesand-San Andres Pool, Roosevelt County, ~~New Mexico,~~
 The Midwest Project, Monomere-Pennsylvanian Pool,
 the Coastal States Flying "M" Project, Flying M-San
 Andres Pool, ^{and} The Mobil Vacuum Middle Penn. Project,
 Vacuum-Middle Pennsylvanian Pool, ^{all in} Lea County, ~~New Mexico,~~
 also to be considered will be the amendment of
 The order authorizing said projects to reflect the aforesaid
 reclassifications.

scratch out lines describing projects not in
 the County for each paper except the New Mexico

Application of the Oil Conservation Commission on its own motion for reclassification of certain pressure maintenance projects in Chaves, Lea, and Roosevelt Counties, New Mexico. To be considered will be the reclassification of the ~~Amoco Production Company Baskett and Wasby Pressure~~ of the following named ~~pressure maintenance~~ projects in the following named pools from pressure maintenance to secondary recovery: Amoco Production Company Baskett and Wasby projects, Cato-San Andres Pool, the Horton project in the Milnesand-San Andres Pool and the Midwest project in the ~~State~~ Monongahela-Pennsylvanian Pool; The Coastal States Gas Producing Company Flying "M" project in the Flying M-San Andres Pool; The Mobil Oil Corporation Vacuum Middle Pennsylvanian Project in the Vacuum-Middle Pennsylvanian Pool; and the Union Texas Petroleum Corporation Baskett project in the Cato-San Andres Pool. Further to be considered will be the amendment of Commission Orders authorizing said projects.

Dockets Nos. 39-77 and 1-78 are tentatively set for hearing on December 14, 1977 and January 4, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 30, 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 6089: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rules 701, 702, 703, 704, and 705 of the Commission Rules governing applications for approval of injection wells and projects, well construction and operations standards, reports and records requirements, and automatic termination of authorization for abandoned wells or projects.

Please see proposed rules enclosed.

CASE 6090: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 107 of the Commission Rules to provide a requirement for the determination of cement tops outside all casing strings by means of temperature or mechanical surveys.

Please see proposed rule enclosed.

CASE 6091: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 405 of the Commission Rules, the adoption of a new Rule 1131, and a new Form C-131, all for the purpose of reporting gas injections and withdrawals in underground natural gas storage projects.

Please see proposed rule and amended form enclosed.

CASE 6092: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the reclassification of the following pressure maintenance projects as secondary recovery projects: The Amoco Baskett and Wasley Projects, and the Union Texas Baskett Project, all in Cato-San Andres Pool, Chaves County, New Mexico. The Amoco Horton Project, Minesand-San Andres Pool, Roosevelt County, New Mexico. The Midwest Project, Nonombre-Pennsylvanian Pool, the Coastal States Flying "M" Project, Flying M-San Andres Pool, and the Mobil Vacuum Middle Penn Project, Vacuum-Middle Pennsylvanian Pool, all in Lea County, New Mexico. Also to be considered will be the amendment of the orders authorizing said projects to reflect the aforesaid reclassification.

CASE 6093: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the reclassification of the following pressure maintenance projects as secondary recovery projects: The Atlantic Richfield Horseshoe Gallup Unit Project, the Energy Reserves Group Horseshoe Gallup Project No. 3 and Northeast Hogback Unit Project, and the Engineering and Production Services Horseshoe Gallup Project No. 2, all in Horseshoe Gallup Oil Pool, the Engineering and Production Services Many Rocks Gallup Project No. 1, Getty Many Rocks Gallup Project No. 3, and the J. P. Woosley Many Rocks Gallup Project No. 4, all in the Many Rocks-Gallup Oil Pool; the Dugan Central Cha Cha Project and the Suburban Propane Northwest Cha Cha Unit Project, both in Cha Cha-Gallup Oil Pool; and the Shell Carson Unit Project, Bisti-Gallup Oil Pool, all in San Juan County, New Mexico. The Tenneco Lower Hospah Project, South Hospah-Lower Sand Oil Pool; South Upper Hospah Project, South Hospah-Upper Sand Oil Pool; and Lone Pine Dakota D Unit Project, Lone Pine Dakota D Oil Pool, all in McKinley County, New Mexico. Also to be considered will be the amendment of the orders authorizing said projects to reflect the aforesaid reclassification.

CASE 6094: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the repeal of Commission Order No. 67 and the amendment of Rule 406 of the Commission Rules, both of which relate to carbon dioxide gas. The repeal of said Order 67 and the amendment of Rule 406 would be for the purpose of abolishing the existing special rules for carbon dioxide exploration, development, and processing, and placing such activities under the general rules of the Commission.

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CASE NO. _____

NSP: SF Roswell
Hobbs Portales

On the matter of the hearing called by
~~Application of the Oil Conservation Commission on its own~~
to consider the following
motion ~~for~~ reclassification of ~~certain~~ pressure maintenance
as secondary recovery projects:
projects ~~in Chaves, Lea, and Roosevelt Counties, New Mexico.~~

~~To be considered will be the reclassification of the following~~
~~named projects in the following named pools from pressure maintenance~~
~~to secondary recovery:~~ *the* ~~the Amoco Production Company Baskett~~
~~and Wasley projects, in the Cato-San Andres Pool,~~ *and* ~~the Horton~~
~~project in the Milnesand-San Andres Pool and the Midwest project~~
~~in the Nonombre-Pennsylvanian Pool; the Coastal States Gas~~
~~Producing Company Flying "M" project in the Flying M-San Andres~~
~~Pool; the Mobil Oil Corporation Vacuum Middle Pennsylvanian~~
~~Project in the Vacuum-Middle Pennsylvanian Pool; and the Union~~
~~Texas Petroleum Corporation Baskett project in the Cato-San~~
~~Andres Pool.~~ Further to be considered will be the amendment
of Commission Orders authorizing said projects.

*Cato Chaves**Milnesand Roosevelt*

Draft

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE NO. 6092

Order No. R- 6171

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION **DIVISION**
ON ITS OWN MOTION TO CONSIDER THE
RECLASSIFICATION OF CERTAIN PRESSURE
MAINTENANCE PROJECTS IN CHAVES,
ROOSEVELT, AND LEA COUNTIES, NEW
MEXICO, AS SECONDARY RECOVERY PROJECTS.

DIVISION
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 30, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of April, 1978, ^{the Division Director} ~~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: **Division**

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

Division
(2) That the Oil Conservation ~~Commission~~ heretofore
authorized the following Southeast New Mexico pressure maintenance
projects in the named pools by the designated order:

<u>PROJECT</u>	<u>POOL</u>	<u>ORDER NO.</u>
Amoco Cato Baskett	Cato-San Andres	R-3867-B
Amoco Cato Wasley	Cato-San Andres	R-3867-B
Union Texas Baskett	Cato-San Andres	R-4362
all in Chaves County, New Mexico,		
Amoco Milnesand Horton	Milnesand-San Andres	R-3456
in Roosevelt County, New Mexico, and		
Amoco Midwest Nonombre	Nonombre-Penn	R-3071
Coastal States Flying "M"	Flying "M" San Andres	R-3229
Mobil Vacuum Mid Penn	Vacuum-Middle Penn	R-4688
all in Lea County, New Mexico		

(3) That each of the above-named pressure maintenance projects has declined to the point where it can no longer be correctly classified as a "pressure maintenance" project but can be correctly classified as a "secondary recovery" project.

(4) That due to certain recent changes in the rules governing reports, the reporting of injection and production is less complicated and time-consuming to operators of secondary recovery projects than is the similar reporting for pressure maintenance projects.

(5) That the processing of data relating to secondary recovery projects by the Oil Conservation Division of the New Mexico Energy and Minerals Department for the purpose of maintaining production records is less time-consuming than is the processing of similar data for pressure maintenance projects.

(6) That the reclassification of the pressure maintenance projects named in Finding No. (2) above as secondary recovery projects will result in a saving of time and effort by both the operators of the projects and by the Division in reporting and processing data relating to the projects, thereby preventing waste, and that said reclassification will not impair correlative rights.

(7) That the reclassification of said projects can most easily be carried out by rescinding the orders authorizing said projects as pressure maintenance projects and reauthorizing said projects as secondary recovery projects, subject to any particular rules previously promulgated for said projects which would still be applicable.

(8) That Order No. R-3867-B which authorized the Amoco Cato Baskett and Amoco Cato Wasley Pressure Maintenance Projects should be rescinded and approval given for the Amoco Cato Baskett and Amoco Cato Wasley Waterflood Projects.

even though some of the subject projects may not at this time be active projects, or even though some of the originally authorized injection wells may no longer be an active injection,

(9) That Order No. R-3456 which authorized the Pan American Milnesand Horton Pressure Maintenance Project should be rescinded and approval given for the Amoco Milnesand Horton Waterflood Project.

(10) That Order No. R-3071 which authorized the Midwest Nonombre Pressure Maintenance Project should be rescinded and approval given for the Amoco Nonombre Waterflood Project.

(11) That Order No. R-3229 which authorized the Coastal States Flying "M" San Andres Pressure Maintenance Project should be rescinded and approval given for the Coastal States Flying "M" San Andres Waterflood Project.

(12) That Order No. R-4688 which authorized the Mobil Vacuum-Middle Penn Pressure Maintenance Project should be rescinded and approval given for the Mobil Vacuum Middle Penn Waterflood Project.

(13) That Order No. R-4362 which authorized the Union Texas Cato Baskett Pressure Maintenance Project should be rescinded and approval given for the Union Texas Cato Baskett Waterflood Project.

IT IS THEREFORE ORDERED:

(1) That Orders Nos. R-3867-B, R-3456, R-3071, R-3229, R-4688, and R-4362 are hereby rescinded.

(2) That Amoco Production Company is hereby authorized to operate the Amoco Cato Baskett Waterflood Project and the Amoco Cato Wasley Waterflood Project, both in the Cato San Andres Pool, Chaves County, New Mexico, in accordance with the following:

A. Injection into the Cato Baskett Project shall be through the following described wells in Section 11, Township 8 South, Range 30 East,

NMPM:

Baskett "D" Well No. 1, Unit G
Baskett "D" Well No. 2, Unit A
Baskett "D" Well No. 3, Unit O
Baskett "D" Well No. 4, Unit I
Baskett "B" Well No. 2, Unit C

- B. Injection into the Cato Wasley Project shall be through the following-described wells in Section 14, Township 8 South, Range 30 East, NMPM:

Wasley Well No. 1, Unit C
Wasley Well No. 3, Unit A

- C. Each of the aforesaid water injection wells shall be equipped with 2 3/8-inch plastic-lined tubing set in a packer. Further that the casing-tubing annulus of each of the aforesaid wells shall be filled with an inert fluid and the annulus equipped with a pressure gauge to facilitate detection of leakage in the tubing or packer.
- D. The Oil Conservation Division Director is hereby authorized to approve additional Amoco Production Company Waterflood Projects without notice and hearing on lands which are contiguous to existing waterflood projects operated by Amoco Production Company or Union Texas Petroleum Company in the Cato-San Andres Pool. ~~to obtain such approval,~~
To obtain such approval, the applicant shall file proper application with the Division, which application shall include the following:
1. A plat showing the proposed project area, all wells within the project area, offset operators, and wells which offset the proposed project area.
 2. A schematic drawing of the proposed injection wells which fully describes the casing, tubing, perforated interval, and depth showing that the injection of gas or water will be confined to the San Andres formation.

3. A letter stating that all offset operators to the proposed project have been furnished a complete copy of the application and the date of notification.

The Division Director may approve the proposed project and promulgate special rules therefor if, within 20 days after receiving the application, no objection to the proposal is received. The Division-Director may grant immediate approval, provided waivers of objection are received from all offset operators.

(3) That Amoco Production Company is hereby authorized to operate the Amoco Milnesand Horton Waterflood Project in the Milnesand-San Andres Pool, Chavez County, New Mexico, in accordance with the following:

- A. Injection shall be through the following-described wells in Section 29, Township 8 South, Range 35 East, NMPM:

R. E. Horton Federal Well No. 30, Unit K
R. E. Horton Federal Well No. 31, Unit M

- B. Each of the aforesaid water injection wells shall be equipped with tubing set in a packer, said packer being located within 100 feet of the uppermost perforation. Further, that the casing-tubing annulus shall be filled with an inert fluid and the annulus equipped with a pressure gauge or left open to facilitate detection of leakage in the tubing or packer.

(4) That Amoco Production Company is hereby authorized to operate the Amoco Nonombre Waterflood Project in the Nonombre-Pennsylvanian Pool, Lea County, New Mexico, in accordance with the following:

- A. Injection shall be through the following described well in Section 29, Township 13 South, Range 34 East, NMPM:

Harris State Well No. 1, Unit N

- B. The aforesaid well shall be equipped with internally plastic-coated tubing and a packer, which shall be set at approximately 10,340 feet. Further, the casing-tubing annulus of said well shall be kept filled with a corrosion-inhibited fluid at all times.

(5) That Coastal States Gas Producing Company is hereby authorized to operate the Coastal States Flying "M" San Andres Waterflood Project in the Flying "M" San Andres Pool, Lea County, New Mexico, in accordance with the following:

- A. Injection shall be through the following described Flying "M" San Andres Unit wells in Township 9 South, Range 33 East, NMPM:

Tract 11 Well No. 1, Unit L, Section 15
Tract 5 Well No. 2, Unit D, Section 16
Tract 3 Well No. 3, Unit F, Section 17
Tract 12 Well No. 5, Unit F, Section 20
Tract 17 Well No. 2, Unit L, Section 22
Tract 1A Well No. 1, Unit B, Section 29
Tract 1B Well No. 4, Unit D, Section 33

(6) That Mobil Oil Corporation is hereby authorized to operate the Mobil Vacuum Middle Penn Waterflood Project in the Vacuum Middle Pennsylvanian Pool, Lea County, New Mexico, in accordance with the following:

- A. Injection shall be through the following-described well in Section 13, Township 17 South, Range 34 East, NMPM:

Bridges State Well No. 147, Unit F

- B. Injection into said well shall be through 2 3/8-inch tubing, set in a packer which shall be located at approximately 10,390 feet; that the casing-tubing annulus shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device and a pressure relief valve.

- C. The operator shall immediately notify the supervisor of the Division's Hobbs district office of the failure of the casing, tubing, or packer in said injection well, the leakage of gas, water or oil from around any producing well, or the leakage of gas, water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(7) That Union Texas Petroleum, a Division of Allied Chemical Corporation, is hereby authorized to operate the Union Texas Cato Baskett Waterflood Project in the Cato-San Andres Pool, Chaves County, New Mexico, in accordance with the following:

- A. Injection shall be through the following-described well in Section 11, Township 8 South, Range 30 East, NMPM:

Baskett Well No. 1, Unit K

B. The aforesaid water injection well shall be equipped with 2 3/8-inch plastic lined tubing set in a packer, said packer being set at approximately 3335 feet. Further, that the casing tubing annulus shall be filled with an inert fluid and the annulus equipped with a pressure gauge to facilitate detection of leakage in the tubing or packer.

C. The Oil Conservation Division is hereby authorized to approve additional Union Texas Petroleum ^{waterflood} ~~pressure maintenance~~ projects and promulgate special rules therefor without notice and hearing on lands which are contiguous to existing Union Texas Petroleum or Amoco Production Company ^{waterflood} ~~pressure~~ ~~maintenance~~ projects in the Cato-San Andres Pool. To obtain such approval, the applicant shall file proper application with the Division which application shall include the following:

1. A plat showing the proposed project area, all wells within the project area, offset operators, and wells which offset the proposed project area.
2. A schematic drawing of the proposed injection wells which fully describes the casing, tubing, perforated interval, and depth showing that the injection of gas or water will be confined to the San Andres formation.

3. A letter stating that all offset operators to the proposed project have been furnished a complete copy of the application and the date of notification.

The Division Director may approve the proposed project and promulgate special rules therefor if, within 20 days after receiving the application, no objection to the proposal is received. The Director may grant immediate approval, provided waivers of objection are received from all offset operators.

(8) That each of the above-described waterflood projects shall be operated in accordance with Rules 701, 702, and 703 of the Division Rules and Regulations.

(9) That monthly reports concerning said waterflood projects shall be filed in accordance with Rule 1115 of the Division Rules and Regulations.

(10) 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 *DIVISION*

~~PHIL R. LUCERO, Chairman~~

~~EMERY C. ARNOLD, Member~~

JOE D. RAMEY, ~~Member and~~ Division Director

(10) That the injection wells ~~herein~~ authorized for each of the subject projects as well as such additional wells which have been ^{previously} authorized for pressure maintenance injection are hereby approved for injection purposes until further order of the Division