

CASE 6614: TEXACO INC. FOR THE AMEND-
MENT OF ORDER NO. R-4442, LEA COUNTY,
NEW MEXICO.

CASE NO.

6614

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

September 12, 1979

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

Mr. Booker Kelly
White, Koch, Kelly
& McCarthy
Attorneys at Law
Post Office Box 787
Santa Fe, New Mexico 87501

Re: CASE NO. 6614
ORDER NO. R-6094

Applicant:

Texaco Inc.

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6614
Order No. R-6094

APPLICATION OF TEXACO INC. FOR
THE AMENDMENT OF ORDER NO. R-4442,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 8, 1979,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of September, 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 applicant, Texaco Inc., seeks the amendment
of Order No. R-4442 to remove the top unit allowable restriction
from producing wells in the Vacuum Grayburg San Andres Unit
which are offset by "lease line" injection wells.
- (3) That the applicant is conducting a pressure maintenance
project in said Vacuum Grayburg San Andres Unit Area.
- (4) That lease line injection wells are in operation along
or around over 50 percent of the unit boundary.
- (5) That the top unit allowable restrictions for producing
wells along the border of said Vacuum Grayburg San Andres Unit
should be removed.

-2-

Case No. 6614
Order No. R-6094

(6) That Rule 3 of the Special Rules and Regulations for the Texaco Inc. Vacuum Grayburg San Andres Pressure Maintenance Project as promulgated by Division Order No. R-4442 should be amended to read in its entirety as follows:

"RULE 3. That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Vacuum Grayburg San Andres Unit which proration unit is not directly or diagonally offset by a San Andres injection well located either closer to the boundary of or outside the Vacuum Grayburg San Andres Unit shall not be permitted to produce in excess of 80 barrels of oil per day until it has been established after notice and hearing that such well has experienced a substantial response to water injection."

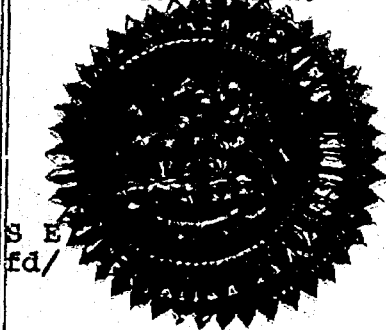
IT IS THEREFORE ORDERED:

(1) That effective September 1, 1979, Rule 3 of the Special Rules and Regulations for the Texaco Inc. Vacuum Grayburg San Andres Pressure Maintenance Project as promulgated by Division Order No. R-4442 is hereby amended to read in its entirety as follows:

"RULE 3. That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Vacuum Grayburg San Andres Unit which proration unit is not directly or diagonally offset by a San Andres injection well located either closer to the boundary of or outside the Vacuum Grayburg San Andres Unit shall not be permitted to produce in excess of 80 barrels of oil per day until it has been established after notice and hearing that such well has experienced a substantial response to water injection."

(2) 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.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
Director

S E
fd/

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

Page 1

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico
8 August 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Texaco, Inc. for the) CASE
amendment of Order No. R-4442, Lea) 6614
County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

Booker Kelly, Esq.
WHITE, KOCH, KELLY & MCCARTHY
220 Otero Street
Santa Fe, New Mexico 87501

I N D E X

ROBERT BOOMER

Direct Examination by Mr. Kelly 3

Cross Examination by Mr. Stamets 8

E X H I B I T S

Applicant Exhibit One, Plat 5

Applicant Exhibit Two, Paragraph 7

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3010 Plaza Blanca (S&S) 471-2462
Santa Fe, New Mexico 87501

MR. STAMETS: We'll call next Case Number

6614.

MR. PADILLA: Application of Texaco, Inc.
for the amendment of Order Number R-4442, Lea County, New
Mexico.

MR. KELLY: Booker Kelly of White, Koch,
Kelly and McCarthy, Santa Fe, on behalf of the applicant.
We have one witness and ask that he be

sworn.

(Witness sworn.)

ROBERT BOOMER

being called as a witness and having been duly sworn upon
his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your full name, please?

A Robert J. Boomer.

Q Would you spell that for the --

A B-O-O-M-E-R.

Q And by whom are you employed and in what

capacity?

A I'm employed by Texaco, Incorporated, as

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Santa Fe, New Mexico 87501

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3020 Plaza Blanca (985) 471-2462
Santa Fe, New Mexico 87501

1 a petroleum engineer.

2 Q Have you previously qualified as an expert
3 witness in that field before this Commission?

4 A No, I have not.

5 Q Would you give the Examiner a brief sum-
6 mary of your professional and educational background, es-
7 pecially as it connects with New Mexico operations and the
8 subject application?

9 A Okay. I graduated in 1973 from the Uni-
10 versity of Nebraska with a Bachelor of Science degree in
11 civil engineering, and then again in 1975 with a Master's
12 in business administration.

13 At that point I was employed by Texaco and
14 for four years I've worked in West Texas as a Production
15 Engineer.

16 June 1st of this year I was transferred
17 to the Hobbs office in charge of District Operations.

18 Q And do part of your duties have to do with
19 the particular units that are involved in this application?

20 A Yes, they do.

21 MR. KELLY: Mr. Examiner, I tender the
22 witness as an expert in the field of petroleum engineering.

23 MR. STAMETS: The witness is considered
24 qualified.

25 Q (Mr. Kelly continuing.) Referring to the

1 plat which has been marked Exhibit Number One, would you
2 state what Texaco seeks by this application?

3 A. Texaco seeks to amend the allowable for
4 the lease line producing wells in the Vacuum-Grayburg-San
5 Andres that are offset by San Andres injection wells on the
6 lease line.

7 Q. Now, what is the present rule? What is
8 the limitation as far as these wells in the present rule?

9 A. The present rule, these wells are limited
10 to the top unit allowable of 80 barrels a day.

11 Q. All right. Now, the Vacuum-Grayburg-San
12 Andres Unit is offset by the Central Vacuum Unit, is that
13 correct?

14 A. That is correct.

15 Q. And what is the situation as far as the
16 rules on offset wells on the Central Vacuum Unit?

17 A. The rules for the Central Vacuum Unit have
18 been amended that they are now allowed to produce in excess
19 of their top unit allowable if they're offset by lease line
20 injection wells.

21 Q. Okay. Now, as far as the Vacuum-Grayburg
22 San Andres Unit, what wells would be affected by this pro-
23 posed change?

24 A. Wells Nos. 55, 56, 57, 58, 43, 28, 13 and
25 12, and Wells Nos. 21, 36, and 51. They're on the west

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1 side.

2 Q All right. Now, as to the wells on the
3 west side, the West Vacuum Unit, does that have any limita-
4 tion on the production from the unit boundary wells?

5 A No, it does not.

6 Q That is a waterflood project.

7 A That's correct.

8 Q And the two, the Central Vacuum and the
9 Vacuum Grayburg, are pressure maintenance projects.

10 A That is correct.

11 Q Can you give the Examiner just a brief
12 rundown on the -- whether any of the lease line wells that
13 would be affected by this change in the order -- are they
14 experiencing any response now? What is their production
15 level now?

16 A They are close to top unit allowable and
17 we anticipate response shortly.

18 Q Now --

19 A These offset injection wells have been
20 placed on injection between -- as of February of this year
21 they've all been placed on injection.

22 Between October of '78 and February of
23 '79 those wells have been drilled, completed, and placed on
24 injection.

25 Q Okay, what is the situation as far as off-

SALLY WALTON BOYD
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1 set operators that would be affected?

2 A. The only offset operator that would be
3 affected is Phillips to the north. Their lease is completed
4 in the San Andres formation.

5 Q. Have they been notified of this application?

6 A. Yes, they have.

7 Q. Now what affect on correlative rights
8 would occur if this application were not granted and you
9 began to get response?

10 A. We anticipate reserves being drained by
11 the Central Vacuum Unit and the Vacuum -- the West Vacuum
12 Unit.

13 Q. All right. Now, referring to Exhibit
14 Number Two, is that the language that you would propose to
15 the Commission?

16 A. Yes, I do.

17 MR. KELLY: Mr. Examiner, that language
18 is drafted by me and it is the same language that was
19 granted for the Central Vacuum Unit; however, I have in-
20 cluded at the end the language that is presently in the
21 Vacuum-Grayburg-San Andres Unit that would allow -- would
22 allow you to produce more than 80 barrels a day under two
23 conditions.

24 One is that there is an offset and the
25 second is response.

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1 MR. STAMETS: Is that an "either" or
2 "both"?

3 MR. KELLY: That would be both.

4 MR. STAMETS: Okay.

5 MR. KELLY: As it stands now just response
6 is required.

7 Q (Mr. Kelly continuing.) In your opinion
8 would the granting of this application protect the corre-
9 lative rights of the various operators involved and prevent
10 waste by allowing you to have a more efficient pressure
11 maintenance project?

12 A Yes, it would.

13 Q And Exhibit Number One was prepared under
14 your supervision?

15 A Yes, it was.

16 MR. KELLY: I would move the introduction
17 of Exhibits One and Two.

18 MR. STAMETS: These exhibits will be ad-
19 mitted.

20 MR. KELLY: We have nothing further on
21 direct.

22 CROSS EXAMINATION

23 BY MR. STAMETS:

24 Q Going back to Exhibit Number One, would
25

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1 you name over slowly the wells which are going to be af-
2 fected by your proposed rule change?

3 A Starting on the north of the unit, Well
4 No. 55, and then going --

5 Q Okay, let me get organized here.

6 A -- clockwise around the lease line, No. 55
7 and 56, which is just to the east, and 57, 58, then south
8 to 43, 28, 13, and 12.

9 And then clear on the west side at the
10 north corner, 51, then south to 36, and 21.

11 Q Okay. Now, these wells would be allowed
12 to produce in excess of the 80-barrel a day allowable in
13 that they are now offset by injection wells to the north
14 in the Central Vacuum Unit; the east in the Central Vacuum
15 Unit; and looks like to the southeast; and then also the
16 wells 21, 36, and 51 are offset -- well, no, they're not
17 offsets. You have installed a lease -- two lease line wells.

18 A That is correct. They have been drilled
19 but they have not been placed on injection as yet.

20 Q Okay. The wells which abut Phillips Pet-
21 roleum, well, it's Wells 52, 53, and 54, which lie south
22 of Phillips' lease, will not be affected by this order.

23 A Not at this time.

24 Q Okay. I need a copy of the Order.

25 MR. KELLY: We have a copy of that portion

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1 of the Order, that rule.

2 MR. STAMETS: Let me have a look at that
3 while Ernie's getting the rest of it.

4 (Thereupon a discussion was
5 had off the record.)

6 MR. STAMETS: Back on the record. Any
7 other questions of the witness? He may be excused.

8 Anything further in this case?

9 The case will be taken under advisement.

10
11 (Hearing concluded.)
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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY
 CERTIFY that the foregoing and attached Transcript of
 Hearing before the Oil Conservation Division was reported
 by me; that the said transcript is a full, true, and cor-
 rect record the hearing, prepared by me to the best of my
 ability, from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.
 Sally W. 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. 6614
 heard by me on 8-8 1979.

Richard H. Thomas, Examiner
 Oil Conservation Division

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Page 1

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico
8 August 1979

EXAMINER HEARING

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BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

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I N D E X

ROBERT BOOMER

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E X H I B I T S

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Applicant Exhibit Two, Paragraph 7

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Santa Fe, New Mexico 87501

1 MR. STAMETS: We'll call next Case Number
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4 for the amendment of Order Number R-4442, Lea County, New
5 Mexico.

6 MR. KELLY: Booker Kelly of White, Koch,
7 Kelly and McCarthy, Santa Fe, on behalf of the applicant.

8 We have one witness and ask that he be
9 sworn.

10
11 (Witness sworn.)
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13 ROBERT BOOMER
14 being called as a witness and having been duly sworn upon
15 his oath, testified as follows, to-wit:
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18 BY MR. KELLY:

19 Q Would you state your full name, please?

20 A Robert J. Boomer.

21 Q Would you spell that for the --

22 A B-O-O-M-E-R.

23 Q And by whom are you employed and in what
24 capacity?

25 A I'm employed by Texaco, Incorporated, as

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1 a petroleum engineer.

2 Q Have you previously qualified as an expert
3 witness in that field before this Commission?

4 A No, I have not.

5 Q Would you give the Examiner a brief sum-
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13 At that point I was employed by Texaco and
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23 MR. STAMETS: The witness is considered
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25 Q (Mr. Kelly continuing.) Referring to the

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3020 Plaza Blanca (505) 471-2402
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CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (605) 471-2462
San Antonio, Texas 78201

1 MR. STAMETS: Is that an "either" or
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3 MR. KELLY: That would be both.

4 MR. STAMETS: Okay.

5 MR. KELLY: As it stands now just response
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20 MR. KELLY: We have nothing further on
21 direct.

22 CROSS EXAMINATION

23 BY MR. STAMETS:

24 Q Going back to Exhibit Number One, would
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CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

1 you name over slowly the wells which are going to be af-
2 fected by your proposed rule change?

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4 No. 55, and then going --

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23 A Not at this time.

24 Q Okay. I need a copy of the Order.

25 MR. KELLY: We have a copy of that portion

1 of the Order, that rule.

2 MR. STAMETS: Let me have a look at that
3 while Ernie's getting the rest of it.

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5 had off the record.)

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10 (Hearing concluded.)
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (005) 471-2462
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY
 CERTIFY that the foregoing and attached Transcript of
 Hearing before the Oil Conservation Division was reported
 by me; that the said transcript is a full, true, and cor-
 rect record the hearing, prepared by me to the best of my
 ability, from my notes taken at the time of the hearing.

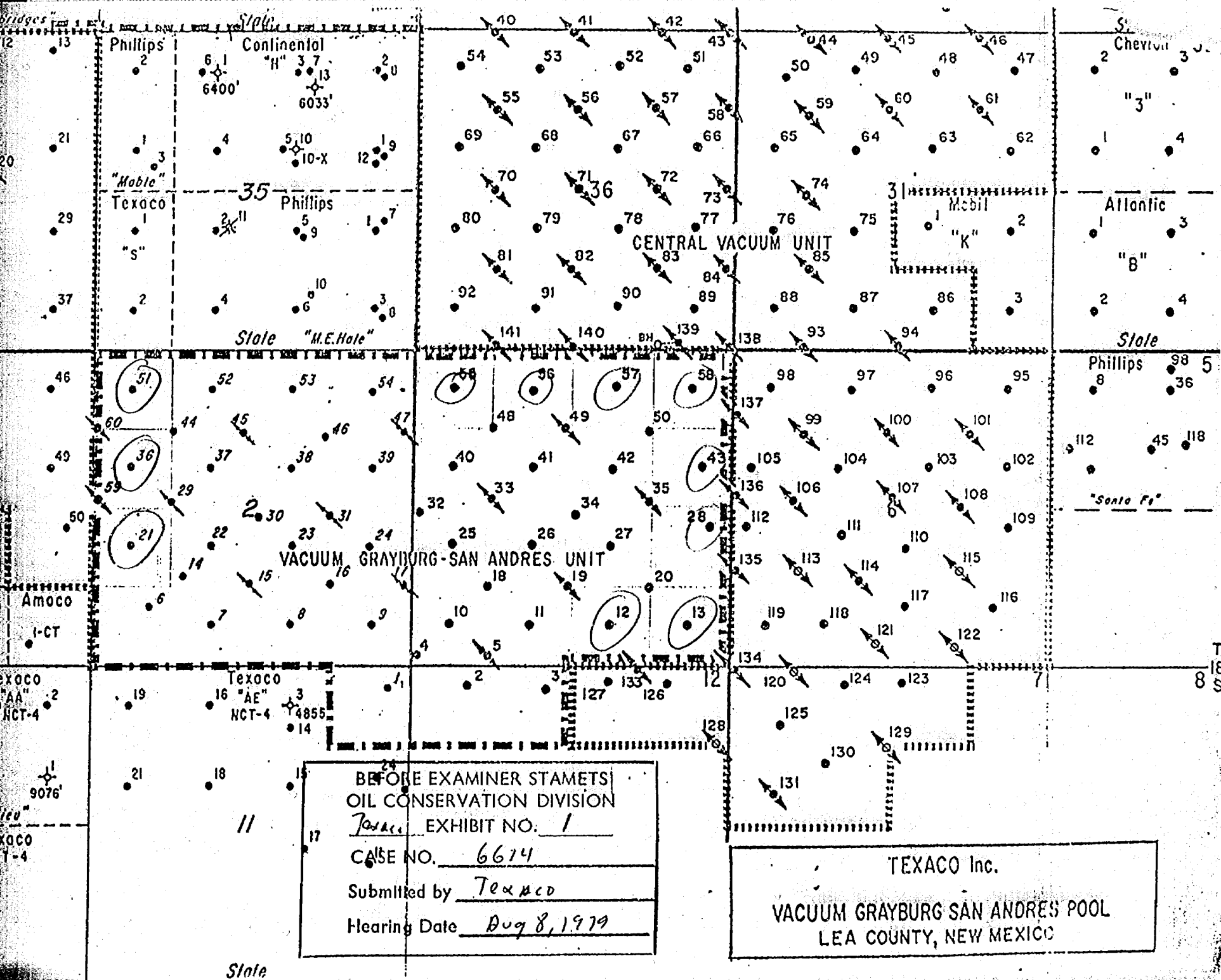
Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. _____
 heard by me on 19 _____.

_____, Examiner
 Oil Conservation Division

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 3030 Plaza Blanca (SOS) 471-2462
 Santa Fe, New Mexico 87301

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(14) That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Vacuum Grayburg San Andres Unit which proration unit is not directly or diagonally offset by a San Andres injection well located either closer to the boundary of or outside the Vacuum Grayburg San Andres Unit shall not be permitted to produce in excess of 80 barrels of oil per day until it has been established after notice and hearing that such well has experienced a substantial response to water injection.

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION	
EXHIBIT NO.	<u>2</u>
CASE NO.	<u>6614</u>
Submitted by	<u>Texaco</u>
Hearing Date	<u>Aug 8, 1979</u>

VACUUM GRAYBURG SAN ANDRES UNIT

CENTRAL VACUUM UNIT

CHRONOLOGY OF NMOCD CASES AND ORDERS CONCERNING LEASE LINE
PRORATION UNIT ALLOWABLES

11-27-72 - Order R-4442 was issued (Case No. 4852) authorizing a pressure maintenance project in Vacuum Grayburg San Andres Unit. Special Rule 3 provided that:

"The project allowable may be produced from any well or wells completed in the Vacuum Grayburg-San Andres Pool in the project area, provided, however, that any well in the project area which directly or diagonally offsets a well outside the project area producing from the same common source of supply shall not be permitted to produce in excess of top unit allowable for the Vacuum Grayburg-San Andres Pool until it has been established after notice and hearing the such well has experienced a substantial response to water injection."

9-20-77 - Order R-5530 was issued (Case No. 6008) authorizing a pressure maintenance project in the Central Vacuum Unit. Paragraph 14 of Order R-5530 provided:

"That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Central Vacuum Unit which proration unit is not directly or diagonally offset by a San Andres injection well outside said Central Vacuum Unit shall not be permitted to produce in excess of 80 barrels of oil per day."

7-25-78 - Order R-5530-A (Case No. 6256) was issued authorizing the drilling of 8 Cooperative Vacuum Grayburg San Andres-Central Vacuum Unit lease line injection wells in the Central Vacuum Unit at unorthodox locations and amending Paragraph 14 of Order R-5530 to read as follows:

"That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Central Vacuum Unit which proration unit is not directly or diagonally offset by a San Andres injection well outside said Central Vacuum Unit, or upon which a Central Vacuum "lease-line" injection well is not located between a unit producing well and the unit boundary shall not be permitted to produce in excess of 80 barrels of oil per day."

9-07-78 - Order R-5530-B (Case No. 6306) was issued authorizing the drilling of Cooperative Vacuum Grayburg San Andres Unit Central Vacuum Unit lease line injection well Central Vacuum Unit No. 139.

1-29-79 - Administrative Order PMX No. 74 was issued authorizing the drilling of Cooperative Vacuum Grayburg San Andres Unit-West Vacuum Unit lease line injection wells, Vacuum Grayburg San Andres Unit Nos. 59 and 60.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 8, 1979

9 A.M. - OIL CONSERVATION DIVISION 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:

- CASE 6613: Application of Grace Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Smith Ranch Unit Area, comprising 1,600 acres, more or less, of State and federal lands in Township 20 South, Range 33 East.
- CASE 6602: (Continued from July 25, 1979, Examiner Hearing)
- Application of Tenneco Oil Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal 33 C No. 2 Well 1010 feet from the North line and 1710 feet from the West line of Section 33, Township 17 South, Range 29 East, South Empire-Wolfcamp Pool, the E/2 NW/4 of said Section 33 to be dedicated to the well.
- CASE 6611: (Continued from July 25, 1979, Examiner Hearing)
- Application of Cabot Corp. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the disposal of produced salt water in the Devonian formation through the perforated interval from 12,156 feet to 12,574 feet in its Reed Well No. 1 located in Unit H of Section 35, Township 13 South, Range 37 East, King Field.
- CASE 6614: Application of Texaco Inc. for the amendment of Order No. R-4442, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4442 to remove the top unit allowable restriction from producing wells in the Vacuum Grayburg San Andres Unit which are offset by "lease line" injection wells.
- CASE 6615: Application of Southland Royalty Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Kutz-Gallup and Basin-Dakota production in the wellbore of its Frontier "E" Well No. 1 located in Unit O of Section 4, Township 27 North, Range 11 West.
- CASE 6616: Application of Watson Treating Plant for an oil treating plant permit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 NW/4 of Section 34, Township 8 South, Range 35 East.
- CASE 6617: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Otero-Gallup production in the wellbore of its Jicarilla 67 Well No. 10 located in Unit M of Section 30, Township 25 North, Range 5 West.
- CASE 6618: Application of Harvey E. Yates Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Yates gas pool for its DEPCO Federal Well No. 1 located in Unit D of Section 19, Township 18 South, Range 29 East, and special rules therefor, including 80-acre gas well spacing.
- CASE 6619: Application of Harvey E. Yates Company for an unorthodox well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 62.75-acre non-standard Yates gas proration unit comprising Lots 1 and 2 of Section 19, Township 18 South, Range 29 East, to be dedicated to its DEPCO Federal Well No. 1 drilled 330 feet from the North line and 660 feet from the West line of said Section 19.
- CASE 6620: Application of Harvey E. Yates Company for an NCPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Austin Monteith Well No. 1 located in Unit K of Section 8, Township 14 South, Range 36 East.
- CASE 6621: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the S/2 of Section 4, Township 18 South, Range 29 East, 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. (This case will be dismissed.)



PETROLEUM PRODUCTS

TEXACO INC.
DRAWER 728
HOBBS, NEW MEXICO 88240

July 5, 1979

REQUEST FOR EXAMINER HEARING
AMENDMENT OF ORDER R-4442
VACUUM GRAYBURG SAN ANDRES UNIT
LEA COUNTY, NEW MEXICO

State of New Mexico
Energy & Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey
Secretary-Director

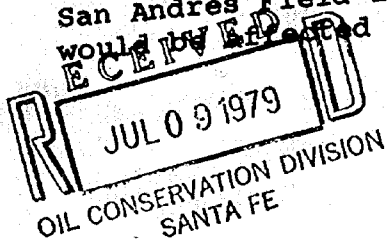
Case 6614

Gentlemen:

It is requested that an Examiner Hearing be scheduled to consider
TEXACO Inc's. application to amend NMOCC Order R-4442.

Special Rule 3 of Order R-4442 provides that those wells in the
Vacuum Grayburg San Andres Unit which are offset by San Andres
producing wells outside the Unit are restricted to top Unit allow-
able production until it can be shown through notice and hearing
that these wells have shown response to injection.

It is requested that Order R-4442 be amended so that the top Unit
allowable restriction be removed from those producing wells which
are offset by "lease line" injection wells. This amendment is
necessary to make the rules for this Unit equitable with those for
the offsetting Central Vacuum Unit (Order R-5530-A) and to protect
correlative rights. A map of a portion of the Vacuum Grayburg
San Andres Field is attached indicating the proration units which
would be affected by the requested amendment.



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State of New Mexico
Energy & Minerals Dept.

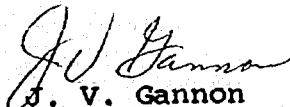
- 2 -

July 5, 1979

Phillips Petroleum Company, as the only Offset Operator, has been notified of this application by copy of this letter.

Yours very truly,

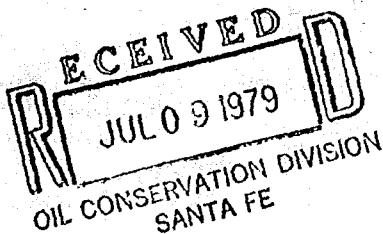
TEXACO INC.
PRODUCING DEPARTMENT-CENTRAL U. S.

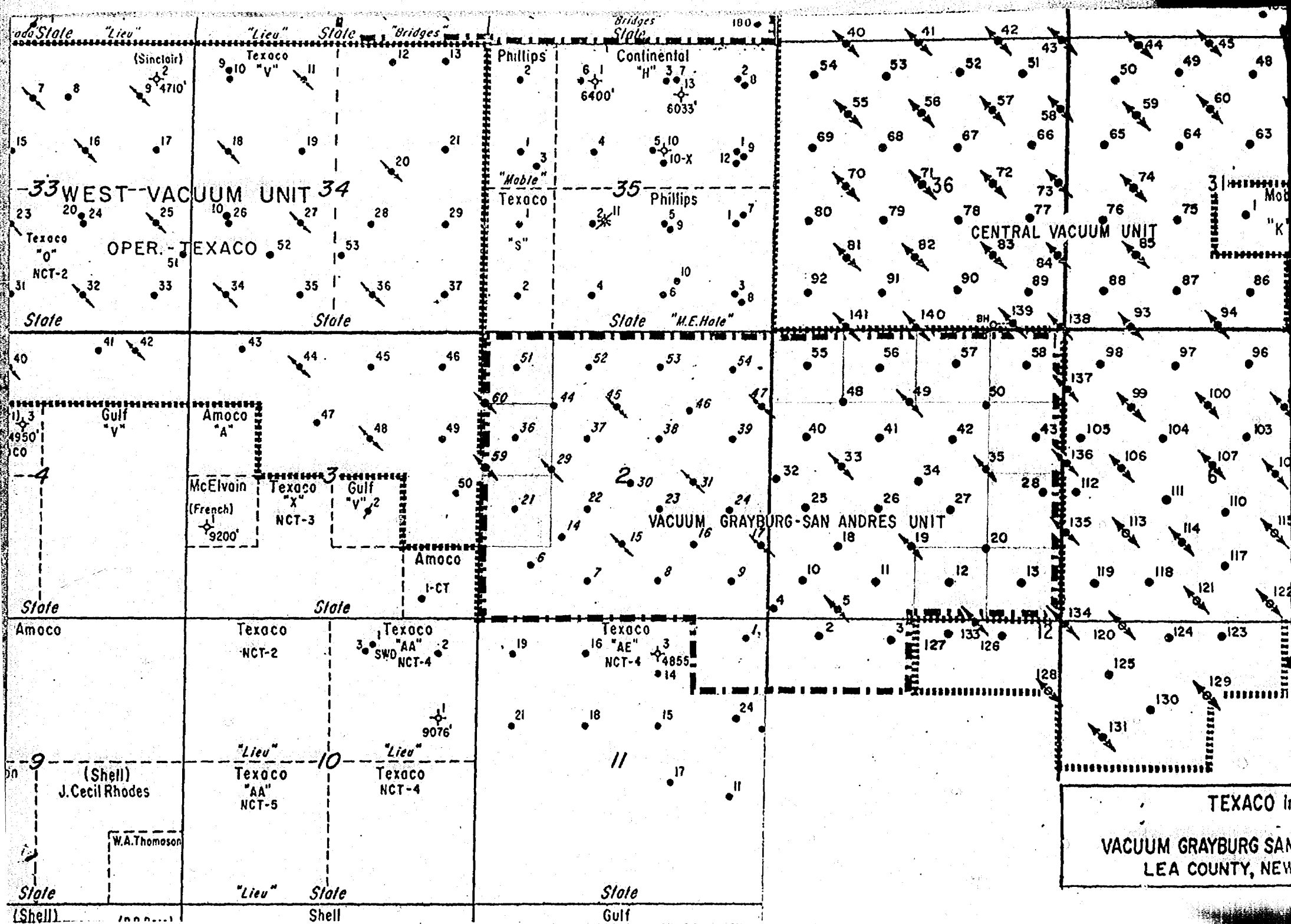

J. V. Gannon
District Superintendent

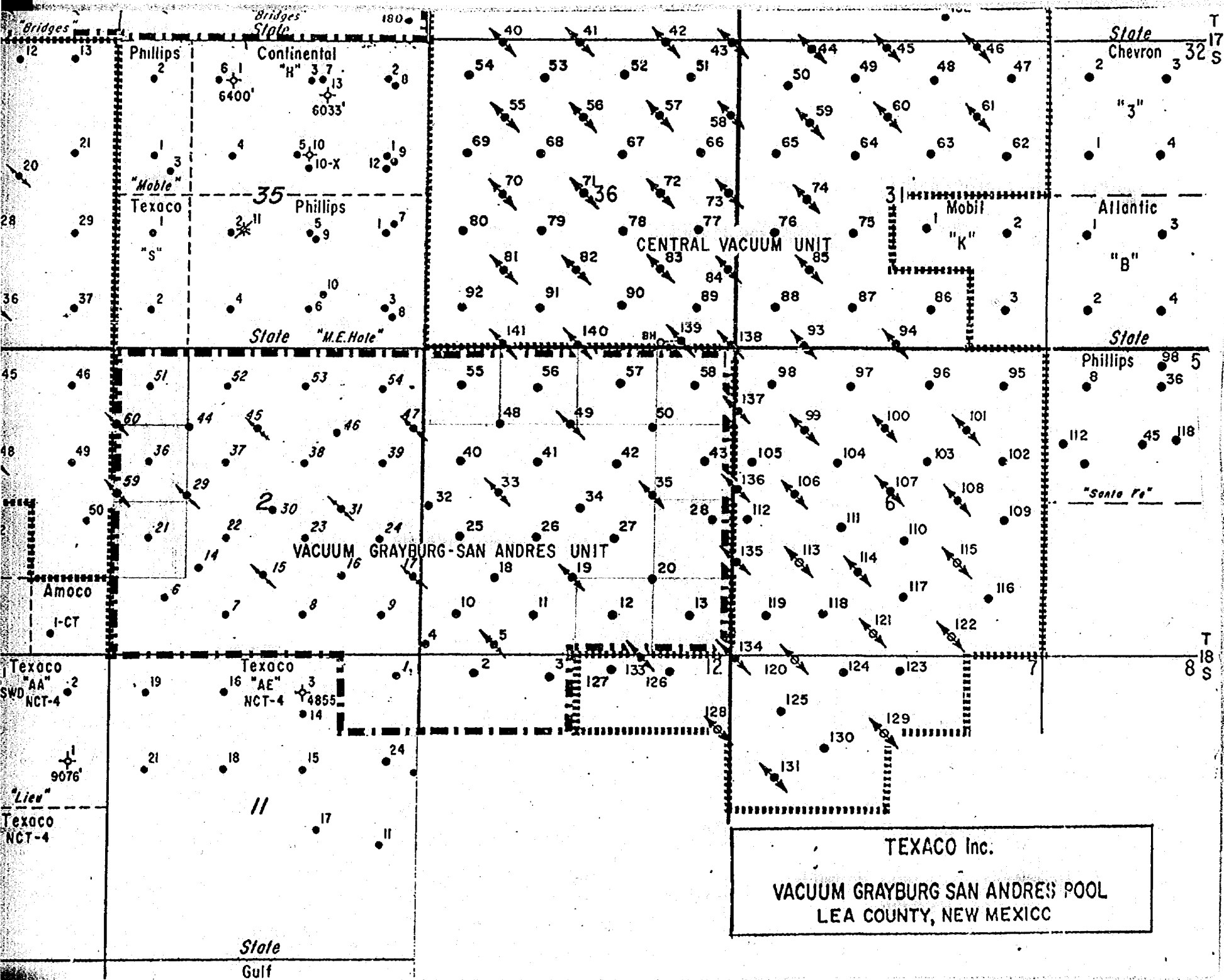
WRH:JEB

Attachment

cc: Phillips Petroleum Company
217 Frank Phillips Building
Bartlesville, Oklahoma 74003







ROUGH

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

JCR

CASE NO. 6614
Order No. R-6094

Application of Texaco Inc. for the amendment of Order No. R-4442, Lea County, New Mexico.

ORDER OF THE DIVISION

EP
Boh
BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 58
19 79, at Santa Fe, New Mexico, before Examiner RLS

NOW, on this _____ day of _____, 19____, 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 applicant, Texaco Inc.*

*seeks the amendment of Order No. R-4442 to remove the top
unit allowable restriction from producing wells in the Vacuum Grayburg San Andres Unit which are
offset by "lease line" injection wells.*

(3) That the applicant is conducting a pressure maintenance project ~~in~~ in said Vacuum Grayburg-San Andres Unit Area.

(4) That lease line injection wells are in operation along or around over 50 percent of the Unit boundary.

(5) To permit the applicant to produce wells ~~on the~~ along the unit boundary which wells ~~are not~~ are affected by

(5) to permit the applicant to produce Unit boundary wells adjacent to said lease line injection wells at rates

(5) That the top unit allowable restrictions for producing wells ~~are~~ along the border of said Vacuum Grayburg San Andres Unit should be removed.

(6) That Rule 3 of the Special Rules and Regulations for The Texaco Inc. Vacuum Grayburg San Andres Pressure Maintenance Project as promulgated by the Division Order No. R-4442 should be amended to read in its entirety as follows:

9
"RULE 3. That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Vacuum Grayburg-San Andres Unit which proration unit is not directly or diagonally offset by a San Andres injection well located either closer to the boundary of or outside the Vacuum Grayburg San Andres Unit shall not be permitted to produce in excess of 80 barrels of oil per day until it has been established after notice and hearing that such well has experienced a substantial response to water injection."

IT IS THEREFORE ORDERED

(1) That effective September 1, 1979, Rule 3 of the Special Rules and Regulations for the Texas Inc. Vacuum Grayburg San Andres ~~DRD~~ Pressure Maintenance Project as promulgated by Division Order No. R-4442 is hereby amended to read in its entirety as follows:

"

"**RULE 3.** That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Vacuum Grayburg San Andres Unit which proration unit is not directly or diagonally offset by a San Andres injection well located either closer to the boundary of or outside the Vacuum Grayburg San Andres Unit shall not be permitted to produce in excess of 80 barrels of oil per day until it has been established after notice and hearing that such well has experienced a substantial response to water injection. "

(2) Jurisdiction

(3) That the applicant is conducting a pressure maintenance project ~~in~~ in said Vacuum Grayburg-San Andres Unit Area.

(4) That lease line injection wells are in operation along or around over 50 percent of the Unit boundary.

(5) To permit the applicant to produce wells ~~only~~ along the unit boundary which wells ~~are~~ are affected by

(5) To permit the applicant to produce Unit boundary wells adjacent to said lease line injection wells at rates

(5) That the top unit allowable restrictions for producing wells ~~are~~ along the border of said Vacuum Grayburg San Andres Unit should be removed.

(6) That Rule 3 of the Special Rules and Regulations for The Texaco Inc. Vacuum Grayburg San Andres

Pressure Maintenance Project as promulgated by the Division Order No. R-4448 should be amended to read in its entirety as follows:

"**RULE 3.** That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Vacuum Grayburg-San Andres Unit which proration unit is not directly or diagonally offset by a San Andres injection well located either closer to the boundary of or outside the Vacuum Grayburg San Andres Unit shall not be permitted to produce in excess of 80 barrels of oil per day until it has been established after notice and hearing that such well has experienced a substantial response to water injection."

(3) That such amendment would permit
the applicant to produce wells along the
margin of