

Entered November 9, 1967
A.L.P.

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. 3678
Order No. R-3341

APPLICATION OF RYDER SCOTT MANAGEMENT
COMPANY FOR A WATERFLOOD EXPANSION,
WATERFLOOD BUFFER ZONE, AND SEVERAL
UNORTHODOX LOCATIONS, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 25, 1967, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 9th day of November, 1967, 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, Ryder Scott Management Company, is the operator of the Artesia-Nichols Waterflood Project, a waterflood buffer zone with capacity allowables comprising the SE/4 NE/4 of Section 20 and the W/2 NW/4 of Section 21, all in Township 18 South, Range 28 East, NMPM, Artesia Pool, Eddy County, New Mexico, authorized by Order No. R-2272 and Order No. R-2272-A.

(3) That the applicant seeks permission to expand the aforesaid waterflood project by the conversion to water injection of its Western-Yates Collier State Well No. 1 located in Unit F of said Section 20, its Mershon State Well No. 2 located in Unit D of said Section 21, and three additional water injection wells

to be drilled at the following unorthodox locations in said Section 20: Rotary Well No. 7 to be located 2650 feet from the North line and 2650 feet from the West line; Rotary Well No. 8 to be located 2650 feet from the North line and 1330 feet from the East line; and Vendeunter Well No. 2 to be located 1310 feet from the North line and 1330 feet from the East line.

(4) That the applicant further seeks the designation of the entire area comprising the W/2 NW/4 of Section 21, the SW/4 NW/4, E/2 NW/4, NE/4, and W/2 SE/4 of Section 20, and the NW/4 NE/4 of Section 29 as a waterflood buffer zone with capacity allowables, or as an area wherein transfer of allowables between leases would be permitted.

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

(6) That the SW/4 SE/4 of Section 20 and the NW/4 NE/4 of Section 29 are not eligible for tract participation and should not be included in the waterflood project area at this time.

(7) That the area comprising the SE/4 NE/4 of said Section 20 and the W/2 NW/4 of said Section 21 is presently established as a waterflood buffer zone wherein wells may be produced at maximum capacity and should continue to be so designated.

(8) That in order to afford the applicant an opportunity to produce its just and equitable share of the oil in the subject pool, and to otherwise prevent waste and protect correlative rights, the applicant should be authorized to expand the aforementioned waterflood project by the injection of water through the five additional wells as set forth in Finding No. (3); that the SE/4 NE/4 of said Section 20 and the W/2 NW/4 of said Section 21 should continue to be designated a waterflood buffer zone wherein wells may be produced at maximum capacity; that the SW/4 NW/4, E/2 NW/4, W/2 NE/4, NE/4 NE/4, and the NW/4 SE/4 of said Section 20 should be designated a waterflood buffer zone wherein wells may be produced at maximum capacity for a temporary period of 90 days; that upon expiration of the aforesaid temporary period the SW/4 NW/4, E/2 NW/4, W/2 NE/4, NE/4 NE/4, and the NW/4 SE/4 of said Section 20 should be designated as an area wherein transfer of allowables between leases is permitted, provided by that date said area has been unitized or otherwise consolidated, or provided all persons owning working interests and/or royalty interests within said area have so agreed and evidence of such unitization,

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consolidation, or agreement filed with the Santa Fe office of the Commission.

(9) That the expanded waterflood project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations insofar as said Rules and Regulations are not inconsistent with this order.

IT IS THEREFORE ORDERED:

(1) That the applicant, Ryder Scott Management Company, is hereby authorized to expand its Artesia-Nichols Waterflood Project in the Artesia Pool by the injection of water through the following-described five additional wells in Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico:

<u>LEASE</u>	<u>WELL NO.</u>	<u>LOCATION</u>	<u>SECTION</u>
Western-Yates			
Collier State	1	Unit F	20
Rotary	7	2650' FNL and 2650' FWL	20
Rotary	8	2650' FNL and 1330' FEL	20
Vandeventer	2	1310' FNL and 1330' FEL	20
Mershon State	2	Unit D	21

(2) That that part of the aforesaid expanded waterflood project comprising the SE/4 NE/4 of Section 20 and the W/2 NW/4 of Section 21, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, shall continue to be designated a waterflood buffer zone wherein wells may be produced at maximum capacity.

(3) That that part of the aforesaid expanded waterflood project comprising the SW/4 NW/4, E/2 NW/4, W/2 NE/4, NE/4 NE/4, and the NW/4 SE/4 of the aforesaid Section 20 is hereby designated a waterflood buffer zone wherein wells may be produced at maximum capacity for a temporary period of 90 days, effective the date of this order.

(4) That effective 90 days from the date of this order, that part of the expanded waterflood project comprising the SW/4 NW/4, E/2 NW/4, W/2 NE/4, NE/4 NE/4, and the NW/4 SE/4 of the aforesaid Section 20 is hereby designated an area wherein transfer of allowances between leases is permitted, provided by that date said area has been unitized or otherwise consolidated, or provided all persons owning working interests and/or royalty interests within

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said area have so agreed and evidence of such unitization, consolidation, or agreement has been furnished the Santa Fe office of the Commission.

(5) That the expanded waterflood project authorized by Order (1) and modified by Orders (2), (3), and (4) of this order shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations insofar as said Rules and Regulations are not inconsistent with this order.

(6) That monthly progress reports of the expanded waterflood project authorized by Order (1) and modified by Orders (2), (3), and (4) shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

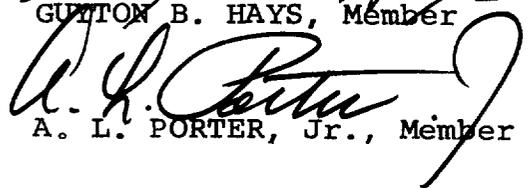
(7) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman


GUPTON B. HAYS, Member


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

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