

Enclosed 11/15/72
R.H.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. 4642
Order No. R-4277

APPLICATION OF FLUID POWER PUMP COMPANY
FOR SPECIAL POOL RULES AND A PRESSURE
MAINTENANCE PROJECT, SANDOVAL COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 19, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of March, 1972, 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, Fluid Power Pump Company, seeks the promulgation of special rules and regulations for the Media-Entrada Oil Pool, Sandoval County, New Mexico, including a provision for 160-acre spacing and proration units.

(3) That the applicant has established that one well in the Media-Entrada Oil Pool can efficiently and economically drain and develop 160 acres.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect

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correlative rights, special rules and regulations providing for 160-acre spacing units should be promulgated for the Media-Entrada Oil Pool.

(5) That the special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(6) That the applicant further seeks authority to institute a pressure maintenance project in the Media-Entrada Oil Pool by the injection of water into the Entrada formation through certain wells yet to be determined.

(7) That a pressure maintenance project in the Media-Entrada Oil Pool should result in greater ultimate recovery of oil, thereby preventing waste.

(8) That the applicant should be authorized to institute a pressure maintenance project in the Media-Entrada Oil Pool to be designated the Media-Entrada Pressure Maintenance Project.

(9) That special rules and regulations for the operation of the Media-Entrada Pressure Maintenance Project should be promulgated and said rules and regulations should include a procedure whereby the Secretary-Director of the Commission may approve the project area and production and injection wells for the project at orthodox and unorthodox locations as may be necessary to establish and maintain an efficient production and injection pattern.

IT IS THEREFORE ORDERED:

That, effective March 10, 1972, Special Rules and Regulations for the Media-Entrada Oil Pool, Sandoval County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
MEDIA-ENTRADA OIL POOL

RULE 1. Each well completed or recompleted in the Media-Entrada Oil Pool or in the Entrada formation within one mile thereof, and not nearer to nor within the limits of another designated Entrada oil pool, shall be spaced, drilled, operated,

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and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 330 feet to the outer boundary of the proration unit or to any governmental quarter-quarter section line nor nearer than 660 feet to the nearest well drilling to or capable of producing from the same pool.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre proportional factor of 4.33 for allowable purposes, and in the event there is more than one well

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on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Media-Entrada Oil Pool or in the Entrada formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before April 1, 1972.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Media-Entrada Oil Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Media-Entrada Oil Pool or in the Entrada formation within one mile thereof shall receive no more than one-fourth of a standard allowable for the pool.

IT IS FURTHER ORDERED:

(1) That the applicant, Fluid Power Pump Company, is hereby authorized to institute a pressure maintenance project in the Media-Entrada Oil Pool, Sandoval County, New Mexico, to be designated the Media-Entrada Pressure Maintenance Project, by the injection of water into the Entrada formation through certain wells to be approved in accordance with the Special Rules and Regulations for the project as set forth below.

(2) That Special Rules and Regulations governing the operation of the Media-Entrada Pressure Maintenance Project, Sandoval County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
MEDIA-ENTRADA PRESSURE MAINTENANCE PROJECT

RULE 1. The project area of the Media-Entrada Pressure Maintenance Project, hereinafter referred to as the Project, shall comprise the proration units upon which are located injection wells and production wells approved by the Secretary-Director of the Commission as injection wells and production wells for the Project.

RULE 2. The allowable for the Project shall be the sum of the allowables of the several wells within the project area, including those wells which are shut-in, curtailed, or used as injection wells. Allowables for all wells shall be determined in a manner hereinafter prescribed.

RULE 3. Allowables for injection wells may be transferred to producing wells within the project area, as may the allowables for producing wells which, in the interest of more efficient operation of the Project, are shut-in or curtailed because of high gas-oil ratio or are shut-in for any of the following reasons: pressure regulation, control of pattern or sweep efficiencies, or to observe changes in pressures or changes in characteristics of reservoir liquids or progress of sweep.

RULE 4. The allowable assigned to any well which is shut-in or which is curtailed in accordance with the provisions of Rule 3 which allowable is to be transferred to any well or wells in the project area for production, shall in no event be greater than its ability to produce during the test prescribed by Rule 6, below, or greater than the current top unit allowable for the pool during the month of transfer, whichever is less.

RULE 5. The allowable assigned to any injection well on a 160-acre proration unit shall be top unit allowable for the Media-Entrada Oil Pool.

RULE 6. The allowable assigned to any well which is shut-in or curtailed in accordance with Rule 3, shall be determined by a 24-hour test at a stabilized rate of production, which shall be the final 24-hour period of a 72-hour test throughout which the

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well should be produced in the same manner and at a constant rate. The daily tolerance limitation set forth in Commission Rule 502 I (a) and the limiting gas-oil ratio (2,000 to 1) for the pool shall be waived during such tests. The project operator shall notify all operators offsetting the well, as well as the Commission, of the exact time such tests are to be conducted. Tests may be witnessed by representatives of the offsetting operators and the Commission, if they so desire.

RULE 7. The basic allowable assigned to each producing well in the Project shall be equal to the well's ability to produce or to top unit allowable for the pool, whichever is less. Wells capable of producing more than top unit allowable may also receive transfer allowable, provided however, that no producing 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 receive an allowable or produce in excess of two times top unit allowable for the pool. Each producing well shall be subject to the limiting gas-oil ratio (2,000 to 1) for the pool.

RULE 8. By the 25th day of each month the project operator shall submit to the Commission a Pressure Maintenance Project Operator's Report, on a form prescribed by the Commission, outlining thereon the data required, and requesting allowables for each of the several wells in the Project as well as the total project allowable. The aforesaid Pressure Maintenance Project Operator's Report shall be filed in lieu of Form C-120 for the Project.

RULE 9. The Commission shall, upon review of the report and after any adjustments deemed necessary, calculate the allowable for each well in the Project for the next succeeding month in accordance with these rules. The sum of the allowables so calculated shall be assigned to the Project and may be produced from the wells in the Project in any proportion except that no well in the Project which directly or diagonally offsets a well outside the project area and producing from the same common source of supply shall produce in excess of two times top unit allowable for the pool.

RULE 10. The Secretary-Director of the Commission is hereby authorized to approve a project area and such producing wells and injection wells at orthodox and unorthodox locations as may be necessary to establish and maintain an efficient production and injection pattern; provided said wells are drilled no closer

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than 330 feet to the outer boundary of the project area nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary, and provided further, that the application therefor has been filed in accordance with the following:

(1) A plat showing the proposed project area, proposed production and injection wells for the Project, and wells and operators that offset the proposed Project.

(2) A schematic drawing of the proposed injection wells which fully describes the casing, tubing, perforated interval, and depth showing that the injection of water will be confined to the Entrada 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 Secretary-Director may approve the proposed project area and production and injection wells if, within 20 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators.

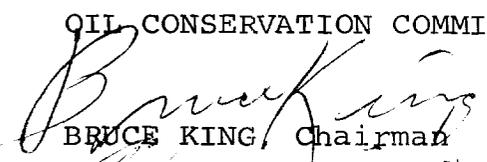
Expansion of the project area may be approved by the Secretary-Director of the Commission administratively when good cause is shown therefor.

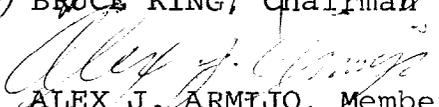
IT IS FURTHER ORDERED:

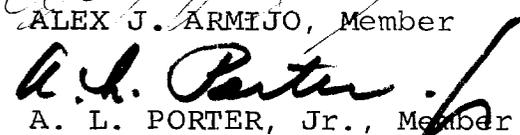
That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


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

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