

*file*

# The Ohio Oil Co.

Legal Department

W. Hume Everett  
Division Attorney

November 25, 1958

P.O. Box 3128  
Houston, Texas

Thomas W. McElroy

J. C. Terrell Couch

Warren B. Leach, Jr.  
Attorneys

Mr. A. L. Porter, Jr.  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Dear Sir:

I am sorry we did not have more time to visit when I was in Santa Fe for the Oil and Gas Association convention. However, I know the demands on your time are continuously increasing. Perhaps we can arrange to have lunch together on my next trip.

When I received the copy of Order No. R-1244 in Case No. 1493, approving Magnolia's application for a pilot waterflood project on its State-Bridges lease in the Vacuum Pool, I referred the order to our Engineering Department. I pointed out to them that the order does not specifically require that notice be given to The Ohio or other offset operators before the "project" is expanded. I also pointed out to them that although the findings specify no injection well is to be nearer than 1320 feet to the outer boundary of the lease, the finding is not carried forward specifically as an order of the Commission. I further mentioned to our engineers that the order does not preclude the granting of an increased or capacity allowable to any well within the area covered by the "project" as it now exists or may hereafter be expanded.

Although The Ohio has no objection to the project initially authorized and although we do not at this time contemplate objecting to any expansion of the project, nevertheless we consider it important that the order contain some provision requiring notice to offset operators and a reasonable waiting period before any expansion of the project is authorized. I believe such a provision could be inserted in the September 17 Order No. R-1244 by a *mnac pro tunc* order, or perhaps you would consider it preferable to issue a memorandum describing and setting up the administrative procedure to be followed by Magnolia in obtaining authority to convert a well to water injection and to obtain a project allowable under which the allowable of any offset well could be increased. The memorandum could then embody such provisions for notice to offset operators as would be fair and reasonable under the circumstances. Although we would like to have a waiting period of thirty days after receiving notice of any such application, we would of course not take exception to such shorter period as would be reasonable.

Again, let me assure you that we are not in any way objecting to Magnolia's pilot waterflood. On the contrary, we are watching it with great interest and hope it

November 25, 1958  
Mr. A. L. Porter, Jr.  
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will be successful. Nevertheless, we do feel the need for some official declaration of the Commission assuring us that we will receive notice under the circumstances I have mentioned in this letter.

I will appreciate hearing from you or your staff when you have considered the contents of this letter.

Very truly yours,

J. O. Terrell Couch

TC:MK



**Magnolia Petroleum Company**

A Socony Mobil Company

P. O. Box 2406  
Hobbs, New Mexico

August 14, 1958

Mr. A. L. Porter, Jr.  
P. O. Box 871  
Santa Fe, New Mexico

Dear Mr. Porter:

Upon arriving at Hobbs, New Mexico, on August 13, 1958, it was discovered that Magnolia's Exhibit No. 2 for Case No. 1493 before the New Mexico Oil Conservation Commission was still in my possession. Enclosed herewith is same exhibit.

Yours very truly,

MAGNOLIA PETROLEUM COMPANY

*C. T. Evans*  
C. T. Evans <sup>JMM</sup>  
District Petroleum Engineer

JMM:kb

MAIN OFFICE OCC



*Case 1493 file*

1958 AUG 21 STATE: 84 NEW MEXICO

STATE ENGINEER OFFICE

SANTA FE

S. E. REYNOLDS  
STATE ENGINEER

ADDRESS CORRESPONDENCE TO:  
P. O. BOX 1079  
SANTA FE, N. M.

August 21, 1958

Oil Conservation Commission  
State Capitol Building  
Santa Fe, New Mexico

Attn. Mr. A. L. Porter, Jr.  
Secretary-Director

Dear Mr. Porter:

We have received from Mr. C. T. Evans, District Petroleum Engineer of Magnolia Petroleum Company, his letter and enclosures pertaining to the casing program in the injection wells to be used in connection with the water flood project which is listed as your Case No. 1493.

We do not feel that protection of the usable waters is adequate insofar as Well No. 2 is concerned, it being the well located in the SW $\frac{1}{4}$  of the SE $\frac{1}{4}$  of Section 14. We object to the use of this well, unless a packer is required to seal off the casing-tubing annulus at a depth of 400 feet or more from the surface. The questioning of the witnesses at the hearing indicated that a packer was included in his original plan, but had been eliminated in the final plan. Since the supply of fresh water available in this area is limited, it is reasonable to assume that salt water may replace the fresh water used for this project, which would definitely be considered a hazard to the fresh water supply, unless some modification of the well construction is made.

Yours truly,

S. E. Reynolds  
State Engineer

FEI/ma

cc-Mr. C. T. Evans  
Mr. F. H. Hennighausen

By: *Frank E. Irby*  
Frank E. Irby  
Chief  
Water Rights Division

Case 1493

MAIN OFFICE OCC  
1958 JUL 18 AM 8:47  
Rij

LAW OFFICES OF  
MODRALL, SEYMOUR, SPERLING, ROEHL & HARRIS

SIMMS BUILDING

P. O. BOX 466

ALBUQUERQUE, NEW MEXICO

TELEPHONE CHAPEL 3-4514

JOHN F. SIMMS (1885-1954)

J. R. MODRALL  
AUGUSTUS T. SEYMOUR  
JAMES E. SPERLING  
JOSEPH E. ROEHL  
GEORGE T. HARRIS  
DEAN P. KIMBALL  
DANIEL A. SISK  
JOHN H. STEWART  
LELAND S. SEDBERRY

July 17, 1958

New Mexico Oil Conservation Commission  
125 Mabry Hall  
Capitol Building  
Santa Fe, New Mexico

Re: Application of Magnolia Petroleum  
Company for authority to institute  
a pilot water flood on its State  
Bridges Lease, Vacuum Field, Lea  
County, New Mexico, and for the  
adoption of administrative proced-  
ures for the subsequent expansion  
of said water flood and the assign-  
ment of allowables.

Gentlemen:

Enclosed is the above application in triplicate which  
we would appreciate your setting for hearing at your earliest  
convenience. Should it be necessary that this matter be set  
for hearing after August 20th, we should appreciate your  
advising us before doing so.

Very truly yours,

  
James E. Sperling

JES:kb  
Encls. (3)

DOCKET: REGULAR HEARING AUGUST 13, 1958

Oil Conservation Commission 9 a.m. Mabry Hall, State Capitol, Santa Fe, NM

- ALLOWABLE:
- (1) Consideration of the oil allowable for September, 1958
  - (2) Consideration of the allowable production of gas for September, 1958, from six prorated pools in Lea County, New Mexico; also consideration of the allowable production of gas from seven prorated pools in San Juan and Rio Arriba Counties, New Mexico, for September, 1958.

NEW CASES

- CASE 1491: Application of Pan American Petroleum Corporation for permission to commingle oil production from two separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the oil production from two separate leases in the Empire-Abo Pool. One lease comprises the N/2 and SW/4 of Section 11, and the other lease comprises the E/2 of Section 10, all in Township 18 South, Range 27 East, Eddy County, New Mexico. Applicant proposes to separately meter the production from each individual well prior to being run into common storage.
- CASE 1492: Application of Amerada Petroleum Corporation for permission to institute a pilot water flood project. Applicant, in the above-styled cause, seeks an order authorizing it to institute a pilot water flood project in the Saunders Pool in an area covering the NE/4 SW/4 and the N/2 of Section 10 and the S/2 S/2 of Section 3, Township 15 South, Range 33 East, Lea County, New Mexico. Applicant proposes to inject water into the Pennsylvanian formation of the Saunders Pool through its State "SG" Well No. 1, located in the NE/4 SW/4 of said Section 10.
- CASE 1493: Application of Magnolia Petroleum Company for permission to institute a pilot water flood project and for administrative procedures for the subsequent expansion of said water flood project and for the assignment of a special allowable to said project. Applicant, in the above-styled cause, seeks an order authorizing it to institute a pilot water flood project on its State Bridges Lease in the Vacuum Pool, which comprises all or portions of Sections 3, 10, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, and 27, Township 17 South, Range 34 East, Lea County, New Mexico. Applicant proposes to inject water into the Grayburg-San Andres formation of the Vacuum Pool through six wells located in said Section 14. Applicant further proposes that administrative procedure be established for (1) expanding said pilot water flood project within the limits of said State Bridges Lease without notice and hearing and (2) assigning a project or lease allowable to the extent necessary for the proper operation of said project.

CASE 1489: Southeastern New Mexico nomenclature case calling for an order for the extension of existing pools in Lea, Eddy and Chaves Counties, New Mexico.

- (a) Extend the Anderson Ranch-Wolfcamp Pool to include:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM  
Section 2: Lots 1, 2, 7, 8, 9, 10, 15,  
                    & 16

- (b) Extend the Artesia Pool to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM  
Section 34: NE/4

- (c) Extend the Bagley-Upper Pennsylvanian Gas Pool to include:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM  
Section 4: NW/4

- (d) Extend the Blinebry Oil Pool to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 36: SE/4

- (e) Extend the Bronco-Wolfcamp Pool to include:

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMPM  
Section 35: SW/4

- (f) Extend the Caprock-Queen Pool to include:

TOWNSHIP 14 SOUTH, RANGE 31 EAST, NMPM  
Section 8: SW/4 SW/4  
Section 23: SW/4  
Section 26: NW/4

- (g) Extend the Cave Pool to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM  
Section 4: SE/4

- (h) Extend the Empire Abo Pool to include:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 10: NE/4  
Section 11: NE/4

- (i) Extend the Jalmat Pool to include:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM  
Section 20: S/2

- (j) Extend the Roberts Pool to include:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM  
Section 7: SW/4 & W/2 SE/4

- (k) Extend the Shugart Pool to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 36: W/2 NW/4

- (l) Extend the Tatum-Wolfcamp Pool to include:

TOWNSHIP 13 SOUTH, RANGE 36 EAST, NMPM  
Section 7: NE/4

- (m) Extend the Tubb Gas Pool to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
Section 14: NE/4

- (n) Extend the South Vacuum-Devonian Pool to include:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM  
Section 27: W/2  
Section 34: N/2  
Section 35: NW/4

CASE 1490:

Northwestern New Mexico nomenclature case calling for an order for the creation of a new pool and the extension of existing pools in Rio Arriba and San Juan Counties, New Mexico.

- (a) Create a new oil pool for Gallup production, designated as the Gallegos-Gallup Oil Pool and described as:

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM  
Section 6: SW/4  
Section 7: All  
Section 8: S/2 & NW/4  
Section 9: SW/4  
Section 16: W/2  
All of Sections 17 and 18  
Section 19: N/2  
Section 20: N/2  
Section 21: N/2

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM  
Section 1: S/2  
Section 2: S/2  
Section 3: S/2 & NW/4  
All of Sections 4 and 5  
Section 6: NE/4  
Section 8: N/2 & SE/4  
All of Sections 9, 10, 11, 12 & 13  
Section 14: E/2  
Section 24: N/2



TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM

Section 30: SW/4  
Section 31: All  
Section 32: S/2  
Section 33: SW/4

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM

Section 25: S/2  
Section 35: NE/4  
Section 36: N/2 & SE/4

- (b) Extend the Aztec-Pictured Cliffs Pool to include:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM

Section 2: SE/4

- (c) Extend the South Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM

Section 17: SE/4

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM

All of Sections 4, 5, & 6

Section 7: N/2 & SE/4

All of Sections 8 & 9

Section 23: SE/4

Section 24: SW/4

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM

Section 1: All

Section 2: N/2

Section 12: N/2

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM

All of Sections 31 & 32

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM

Section 2: S/2

Section 11: E/2

Section 12: W/2

Section 13: NW/4

Section 16: All

Section 17: S/2

All of Sections 35 & 36

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM

Section 4: All

Section 5: NE/4

- (d) Extend the Tapacito-Pictured Cliffs Pool to include:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM

Section 9: SE/4

Section 16: NE/4