

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

November 4, 1963

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Dear Sir:

Reference is made to Commission Order No. R-3540, recently entered in Case No. 3903, approving the Continental El Mar Payne Waterflood Project.

Initial injection is to be through the two authorized water injection wells, each of which shall be equipped with cement-lined tubing set in a packer within 60 feet of the uppermost perforation. The casing-tubing annulus of each well shall be loaded with an inhibited fluid and equipped with a pressure gauge to facilitate detection of leakage in the casing, tubing, or packer.

As to allowable, our calculations indicate that when all of the authorized injection wells have been placed on active injection, the maximum allowable which this project will be eligible to receive under the provisions of Rule 701-E-3 is 330 barrels per day when the Southeast New Mexico normal unit allowable is 42 barrels per day or less.

Please report any error in this calculated maximum allowable immediately, both to the Santa Fe office of the Commission and the appropriate district proration office.

In order that the allowable assigned to the project may be kept current, and in order that the operator may fully benefit from the allowable provisions of Rule 701, it behooves him to promptly notify both of the aforementioned Commission offices by letter of any change

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in the status of wells in the project area, i.e., when active injection commences, when additional injection or producing wells are drilled, when additional wells are acquired through purchase or unitization, when wells have received a response to water injection, etc.

Your cooperation in keeping the Commission so informed as to the status of the project and the wells therein will be appreciate.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/DSN/ir

cc: Oil Conservation Commission
Hobbs, New Mexico

U. S. Geological Survey
Hobbs, New Mexico

Mr. D. E. Gray, State Engineer Office,
Santa Fe, New Mexico