

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

TELEPHONE (505) 982-4285
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JASON KELLAHIN (RETIRED 1991)

December 11, 1992

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
Santa Fe, New Mexico 87504

10654

HAND DELIVERED

Re: Application of Warrior, Inc.
for an Unorthodox Oil
Well Location, Eumont Oil Pool,
Lea County, New Mexico
Federal "D" Well No. 13

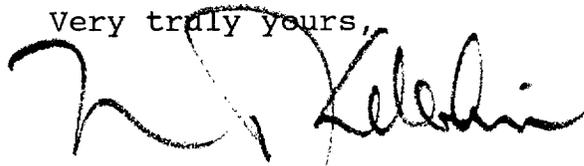
Dear Mr. LeMay:

On behalf of Warrior, Inc., please find enclosed our Application for An Unorthodox Oil Well Location for the Federal "D" Well No. 13 which we request be set for hearing on the next available Examiner's docket now scheduled for January 7, 1993.

Also enclosed is our proposed notification for this case.

By copy of this letter, including the Application to all parties, we are notifying them by certified mail return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examiner witnesses either in support of or in opposition to the Application.

Very truly yours,



W. Thomas Kellahin

WTK/jcl

cc: Warrior, Inc. (Hobbs)

CERTIFIED MAIL-RETURN RECEIPT REQUESTED:

All parties shown Paragraph 12 of the Application

PROPOSED NOTIFICATION

CASE 10654: Application of Warrior, Inc. for an unorthodox oil well location, Eumont Oil Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving the drilling of its Federal "D" Well No. 13 in the Eumont Oil Pool at an unorthodox oil well location 1300 feet from West and South lines (Unit M) Section 26, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico. Said well is to be dedicated to a standard 40-acre oil proration and spacing unit consisting of the SW/4SW/4 of said Section 26. Said unit is located approximately 7 miles southwest from Monument, New Mexico.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF WARRIOR, INC. FOR APPROVAL OF
AN UNORTHODOX OIL WELL LOCATION,
EUMONT OIL POOL,
LEA COUNTY, NEW MEXICO

CASE: 10654

A P P L I C A T I O N

Comes now WARRIOR INC., by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil well location for its Federal "D" Well No. 13 in the Eumont Oil Pool, Lea County, New Mexico to be drilled at an unorthodox location 1300 feet FWL and 1300 feet FSL (Unit M) Section 26, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico and to be dedicated to a standard 40-acre oil proration and spacing unit consisting of the SW/4SW/4 of said Section 26.

In support thereof, Applicant states:

1. Applicant, Warrior, Inc., is the operator of a waterflood pilot project approved by Division Order R-9556 and has the right to drill and test for Eumont oil

production in the W/2 of Section 26, T20S, R36E, NMPM, Lea County, New Mexico. (Order R-9556 is attached as Exhibit A).

2. Applicant proposes to test for additional oil production by locating a well in the approximate center of the SW/4 of said Section 26 in the middle of four existing Eumont oil producing wells. See Exhibit B, attached hereto.

3. While the proposed well will be located within the current boundaries of approved pilot waterflood project, the subject well location is not eligible for administrative approval under Division Rule 104-F (I) because it does not complete a production and injection pattern within the project.

4. The ownership of the SW/4 of said Section 26 is common and no interest owner within that are is adversely affected by this application.

5. The proposed location encroaches only towards acreage which has common ownership to the 40-acre spacing unit on which the well is located.

6. The location of the subject well is governed by General Rule 104(C) which requires standard well

locations to be not closer than 330 feet to any outer boundary of its governmental quarter-quarter section line nor closer than 330 feet to the nearest well in the same pool.

7. The proposed well would be at an unorthodox location because it is 20 feet from the east and north side of SW/4SW/4 rather than the required 330 feet and requires an exception after notice and hearing.

8. A well at the proposed unorthodox location should penetrate the productive interval of the Eumont Oil Pool at the most favorable point in the reservoir in order to recover any oil not recoverable by the existing wells in the SW/4 of said Section 26.

9. A well drilled at the closest standard location would not have the potential to increase oil recovery to the degree expected from the proposed unorthodox well location.

10. Should the subject well be uneconomic upon completion or when depleted, then said well will be located at the optimum location for use as an injection well.

11. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Eumont Oil Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

12. Applicant has notified those offsetting operators adjacent to the SW/4 of said Section 26, with the names and addresses of those parties set forth as follows:

Yarbrough Oil
P. O. Box 1001
Eunice, New Mexico 88231

Zia Energy, Inc
Box 2219
Hobbs, New Mexico 88240

E. L. Hegwer
Box 1637
Hobbs, New Mexico 88240

Exxon USA
Box 1600
Midland, Texas 79702
Attn: Mr. William C. Duncan

Chevron USA
Box 1150
Midland, Texas 79705
Attn: Mr. Al Bohling

Application of Warrior, Inc.
Page 5

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

Respectfully submitted:

KELLAHIN and KELLAHIN,

BY: 

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285
ATTORNEY FOR APPLICANT

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 10347
ORDER NO. R-9556

**APPLICATION OF WARRIOR, INC. FOR A
WATERFLOOD PROJECT, LEA COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 25, 1991 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of August, 1991 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Warrior, Inc., seeks authority to institute a one well waterflood pilot project on a portion of its Federal "D" Lease underlying the W/2 of Section 26 and the NE/4 of Section 27, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, by the injection of produced water into the Upper Queen interval of the Eumont Oil Pool through the perforated interval from approximately 3804 feet to 3964 feet in its Federal "D" Well No. 2 located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 26.
- (3) The wells in the proposed project area are in an advanced state of depletion and should therefore be properly classified as "stripper wells."

(4) At the hearing, the applicant demonstrated that an incremental secondary recovery of oil of 418 MSTBU could be obtained by institution of the proposed pilot waterflood project, resulting in the recovery of additional oil which would not otherwise be recovered, and the waste of oil would thereby be prevented.

(5) The operator should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape into other formations or onto the surface from injection, production or plugged and abandoned wells.

(6) Injection should be accomplished through 2 7/8-inch internally cement-lined tubing installed in a packer set at approximately 100 feet above the uppermost perforated interval; the casing-tubing annulus should be filled with an inert fluid; and a pressure gauge or approved leak-detection device should be attached to the annulus in order to determine leaks in the casing, tubing or packer.

(7) Prior to commencing injection operations, the casing of the subject well should be pressure-tested throughout the interval, from the surface down to the proposed packer-setting depth, to assure integrity of such casing.

(8) The injection well or injection pressurization system should be so equipped as to limit injection pressure at the wellhead to no more than 750 psi.

(9) The Director of the Division should be authorized to administratively approve an increase in the injection pressure upon a proper showing by the operator that such higher pressure will not result in migration of the injected waters from the Queen formation.

(10) The operator should give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure-test in order that the same may be witnessed.

(11) The subject application should be approved and the project should be governed by the provisions of Rules 701 through 708 of the Division Rules and Regulations.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Warrior, Inc., is hereby authorized to institute a one well waterflood pilot project on a portion of its Federal "D" Lease, underlying the following described lands, by the injection of produced water into the Upper Queen interval of the Eumont Oil Pool through its existing Federal "D" Well No. 2 located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 26, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico:

FEDERAL "D" LEASE PILOT WATERFLOOD PROJECT AREA
LEA COUNTY, NEW MEXICO

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM,

Section 26: W/2
Section 27: NE/4

(2) Injection into said well shall be accomplished through 2 7/8-inch internally cement-lined tubing installed in a packer set at approximately 100 feet above the uppermost perforated interval, with injection into the perforated interval from approximately 3804 feet to 3964 feet;

PROVIDED HOWEVER THAT, the casing-tubing annulus shall be filled with an inert fluid; and a pressure gauge shall be attached to the annulus or the annulus shall be equipped with an approved leak-detection device in order to determine leakage in the casing, tubing or packer.

PROVIDED FURTHER THAT, prior to commencing injection operations, the casing in the subject well shall be pressure-tested to assure the integrity of such casing in a manner that is satisfactory to the supervisor of the Division's Hobbs District Office.

(3) The injection well or system shall be equipped with a pressure-limiting switch or other acceptable device which will limit the wellhead pressure on the injection well to no more than 750 psi.

(4) The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Queen formation.

(5) The operator shall notify the supervisor of the Hobbs District Office of the Division in advance of the date and time of the installation of injection equipment and of the mechanical integrity pressure-test in order that the same may be witnessed.

Case No. 10347
Order No. R-9556
Page No. 4

(6) The operator shall immediately notify the supervisor of the Division's Hobbs District Office of the failure of the tubing, casing or packer, in said well or the leakage of water from or around said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

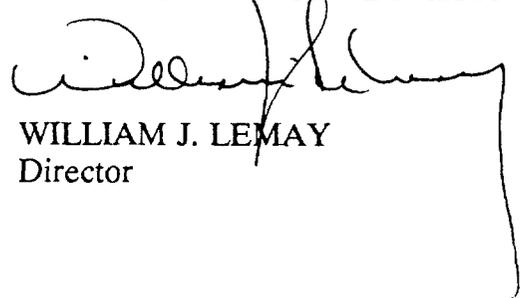
(7) The subject waterflood project is hereby designated the Eumont Federal "D" Lease Pilot Waterflood Project and shall be governed by the provisions of Rules 701 through 708 of the Division Rules and Regulations.

(8) Monthly progress reports of the waterflood project herein authorized shall be submitted to the Division in accordance with Rules 706 and 1115 of the Division Rules and Regulations.

(9) 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



WILLIAM J. LEMAY
Director

S E A L

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATO BUILDING

117 NORTH GUADALUPE

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SANTA FE, NEW MEXICO 87504-2265

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W. THOMAS KELLAHIN*

NEW MEXICO BOARD OF LEGAL SPECIALIZATION
LICENSED SPECIALIST IN THE AREA OF
ENERGY RELATED MATTERS

December 11, 1992

Mr. William J. LeMay
Oil Conservation Division
320 Old Santa Fe Trail, Room 210
Santa Fe, New Mexico 87504

HAND DELIVERED

Re: Application of Warrior, Inc.
for an Unorthodox Oil
Well Location, Eumont Oil Pool,
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Federal "D" Well No. 13

Case 10654

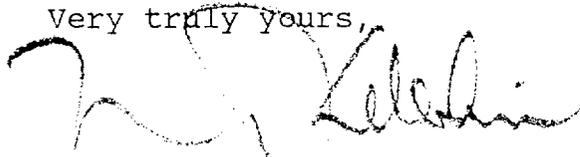
Dear Mr. LeMay:

On behalf of Warrior, Inc., please find enclosed our Application for An Unorthodox Oil Well Location for the Federal "D" Well No. 13 which we request be set for hearing on the next available Examiner's docket now scheduled for January 7, 1993.

Also enclosed is our proposed notification for this case.

By copy of this letter, including the Application to all parties, we are notifying them by certified mail return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examiner witnesses either in support of or in opposition to the Application.

Very truly yours,



W. Thomas Kellahin

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10654

PROPOSED NOTIFICATION

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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF WARRIOR, INC. FOR APPROVAL OF
AN UNORTHODOX OIL WELL LOCATION,
EUMONT OIL POOL,
LEA COUNTY, NEW MEXICO

CASE: 10654

A P P L I C A T I O N

Comes now WARRIOR INC., by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil well location for its Federal "D" Well No. 13 in the Eumont Oil Pool, Lea County, New Mexico to be drilled at an unorthodox location 1300 feet FWL and 1300 feet FSL (Unit M) Section 26, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico and to be dedicated to a standard 40-acre oil proration and spacing unit consisting of the SW/4SW/4 of said Section 26.

In support thereof, Applicant states:

1. Applicant, Warrior, Inc., is the operator of a waterflood pilot project approved by Division Order R-9556 and has the right to drill and test for Eumont oil

production in the W/2 of Section 26, T20S, R36E, NMPM, Lea County, New Mexico. (Order R-9556 is attached as Exhibit A).

2. Applicant proposes to test for additional oil production by locating a well in the approximate center of the SW/4 of said Section 26 in the middle of four existing Eumont oil producing wells. See Exhibit B, attached hereto.

3. While the proposed well will be located within the current boundaries of approved pilot waterflood project, the subject well location is not eligible for administrative approval under Division Rule 104-F (I) because it does not complete a production and injection pattern within the project.

4. The ownership of the SW/4 of said Section 26 is common and no interest owner within that are is adversely affected by this application.

5. The proposed location encroaches only towards acreage which has common ownership to the 40-acre spacing unit on which the well is located.

6. The location of the subject well is governed by General Rule 104(C) which requires standard well

locations to be not closer than 330 feet to any outer boundary of its governmental quarter-quarter section line nor closer than 330 feet to the nearest well in the same pool.

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8. A well at the proposed unorthodox location should penetrate the productive interval of the Eumont Oil Pool at the most favorable point in the reservoir in order to recover any oil not recoverable by the existing wells in the SW/4 of said Section 26.

9. A well drilled at the closest standard location would not have the potential to increase oil recovery to the degree expected from the proposed unorthodox well location.

10. Should the subject well be uneconomic upon completion or when depleted, then said well will be located at the optimum location for use as an injection well.

11. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Eumont Oil Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

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Zia Energy, Inc
Box 2219
Hobbs, New Mexico 88240

E. L. Hegwer
Box 1637
Hobbs, New Mexico 88240

Exxon USA
Box 1600
Midland, Texas 79702
Attn: Mr. William C. Duncan

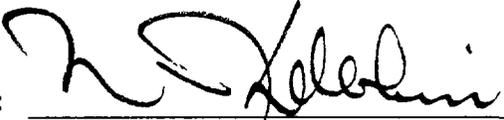
Chevron USA
Box 1150
Midland, Texas 79705
Attn: Mr. Al Bohling

Application of Warrior, Inc.
Page 5

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

Respectfully submitted:

KELLAHIN and KELLAHIN,

BY: 

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285
ATTORNEY FOR APPLICANT

EXHIBIT "A"
FOUR PAGES

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 10347
ORDER NO. R-9556

**APPLICATION OF WARRIOR, INC. FOR A
WATERFLOOD PROJECT, LEA COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 25, 1991 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of August, 1991 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Warrior, Inc., seeks authority to institute a one well waterflood pilot project on a portion of its Federal "D" Lease underlying the W/2 of Section 26 and the NE/4 of Section 27, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, by the injection of produced water into the Upper Queen interval of the Eumont Oil Pool through the perforated interval from approximately 3804 feet to 3964 feet in its Federal "D" Well No. 2 located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 26.

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

EXHIBIT "A"
FOUR PAGES

(4) At the hearing, the applicant demonstrated that an incremental secondary recovery of oil of 418 MSTBU could be obtained by institution of the proposed pilot waterflood project, resulting in the recovery of additional oil which would not otherwise be recovered, and the waste of oil would thereby be prevented.

(5) The operator should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape into other formations or onto the surface from injection, production or plugged and abandoned wells.

(6) Injection should be accomplished through 2 7/8-inch internally cement-lined tubing installed in a packer set at approximately 100 feet above the uppermost perforated interval; the casing-tubing annulus should be filled with an inert fluid; and a pressure gauge or approved leak-detection device should be attached to the annulus in order to determine leaks in the casing, tubing or packer.

(7) Prior to commencing injection operations, the casing of the subject well should be pressure-tested throughout the interval, from the surface down to the proposed packer-setting depth, to assure integrity of such casing.

(8) The injection well or injection pressurization system should be so equipped as to limit injection pressure at the wellhead to no more than 750 psi.

(9) The Director of the Division should be authorized to administratively approve an increase in the injection pressure upon a proper showing by the operator that such higher pressure will not result in migration of the injected waters from the Queen formation.

(10) The operator should give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure-test in order that the same may be witnessed.

(11) The subject application should be approved and the project should be governed by the provisions of Rules 701 through 708 of the Division Rules and Regulations.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Warrior, Inc., is hereby authorized to institute a one well waterflood pilot project on a portion of its Federal "D" Lease, underlying the following described lands, by the injection of produced water into the Upper Queen interval of the Eumont Oil Pool through its existing Federal "D" Well No. 2 located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 26, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico:

FEDERAL "D" LEASE PILOT WATERFLOOD PROJECT AREA
LEA COUNTY, NEW MEXICO

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM,

Section 26: W/2

Section 27: NE/4

(2) Injection into said well shall be accomplished through 2 7/8-inch internally cement-lined tubing installed in a packer set at approximately 100 feet above the uppermost perforated interval, with injection into the perforated interval from approximately 3804 feet to 3964 feet;

PROVIDED HOWEVER THAT, the casing-tubing annulus shall be filled with an inert fluid; and a pressure gauge shall be attached to the annulus or the annulus shall be equipped with an approved leak-detection device in order to determine leakage in the casing, tubing or packer.

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Case No. 10347
Order No. R-9556
Page No. 4

(6) The operator shall immediately notify the supervisor of the Division's Hobbs District Office of the failure of the tubing, casing or packer, in said well or the leakage of water from or around said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

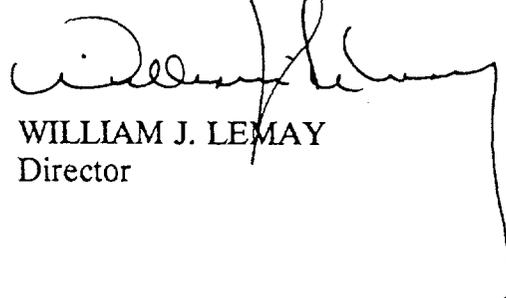
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(8) Monthly progress reports of the waterflood project herein authorized shall be submitted to the Division in accordance with Rules 706 and 1115 of the Division Rules and Regulations.

(9) 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



WILLIAM J. LEMAY
Director

S E A L

