

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2038
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87501
(505) 827-5800

Philips Petroleum Company

FLORENE DAVIDSON
OC Staff Specialist

Other _____

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. 9176
ORDER NO. R-8517

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR A SPECIAL OIL ALLOWABLE,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 15, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 28th day of September, 1987, 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, Phillips Petroleum Company, seeks approval for a capacity allowable for Vacuum Grayburg-San Andres pool production from the following described recently completed wells located in Township 17 South, Range 33 East, NMPM, Lea County, New Mexico:

Philmex Well No. 19 located 1980 feet from the North line and 560 feet from the East line (Unit H) of Section 35;

Philmex Well No. 20 located 660 feet from the North and East lines (Unit D) of Section 36; and

Philmex Well No. 21 located 1980 feet from the North and East lines (Unit G) of Section 35.

(3) The applicant further seeks approval for a capacity allowable for said pool from a well to be drilled in the NW/4 NE/4 (Unit B) of said Section 35.

(4) The area where these wells are located is approximately 1-3/4 miles west of active Vacuum Grayburg-San Andres Pool water injection wells in the ARCO Oil and Gas Company State Vacuum Unit Waterflood Project.

(5) This area is also 1.5 miles east of active Maljamar Grayburg-San Andres Pool water injection wells in the Pennzoil Company Maljamar Waterflood Project and the Phillips Petroleum Company Maljamar Waterflood Project.

(6) Between the subject area and both water flood projects there exist numerous Grayburg-San Andres producing wells.

(7) At the time of the hearing the applicant presented testimony and technical evidence on several of these Grayburg-San Andres producing wells to the east of the subject area located in the S/2 N/2 of said Section 36 which indicated production increases on all of those wells between early 1983 and mid-1984.

(8) It was the applicant's intent to show that its wells, as described above in Finding Paragraph Nos. (2) and (3), and these producing wells would have similar producing characteristics caused by the waterflood activity in the area.

(9) The evidence presented is inadequate to determine whether this increased production was due to the waterflood activity to the east or to recompletion and/or workovers performed on each of these producing wells prior to production increases.

(10) The applicant failed to provide adequate testimony and geological evidence to show that the waterflood activity to the west was contributing any response beyond that existing waterflood project.

(11) This application should therefore be denied.

IT IS THEREFORE ORDERED THAT:

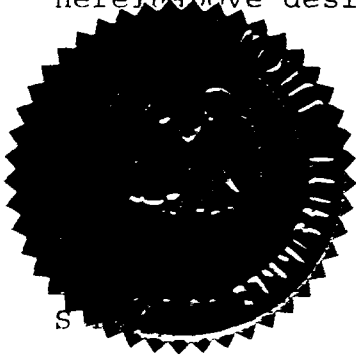
(1) The application of Phillips Petroleum Company for a capacity allowable for Vacuum Grayburg-San Andres Pool production from the three existing wells, as described in Finding Paragraph No. (2) of this Order, and the proposed well as described in Finding Paragraph No. (3), is hereby denied.

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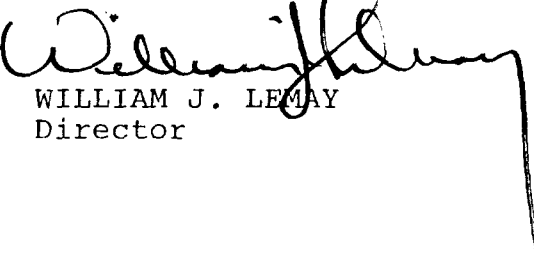
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(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director