

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

Robert M. Miller
12-15-61
[Signature]

IN THE MATTER OF THE APPLICATION)
OF GREAT WESTERN DRILLING COMPANY)
FOR APPROVAL OF THE MALMAR UNIT)
AGREEMENT FOR THE PURPOSE OF SEC-)
ONDARY RECOVERY OPERATIONS, FOR)
AUTHORITY TO INSTITUTE A WATER-)
FLOOD PROJECT IN THE MALJAMAR)
GRAYBURG-SAN ANDRES POOL AND FOR)
EXPANSION THEREOF BY ADMINISTRA-)
TIVE PROCEDURE, AND FOR AUTHORITY)
TO COMMINGLE THE PRODUCTION FROM)
ALL WELLS PRODUCING UNITIZED SUB-)
STANCES WITHIN THE UNIT AREA; ALL)
IN LEA COUNTY, NEW MEXICO)

Case No. 2456

TO: The Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Comes now the Applicant, GREAT WESTERN DRILLING COMPANY, whose address is Box 1659, Midland, Texas, and files herewith a copy of the proposed Malmar Unit Agreement (identified as Exhibit "1" to this Application) for the development and operation of the Malmar Unit Area in Lea County, New Mexico, and hereby makes application for (i) approval of the Malmar Unit Agreement for the purpose of secondary recovery operations, (ii) for authority to institute a waterflood project in the Maljamar Grayburg-San Andres Pool and for expansion thereof by administrative procedure, and (iii) for authority to commingle the production from all wells producing Unitized Substances (as such is defined in the Unit Agreement) within the Unit Area; and in support thereof states:

I.

UNIT AGREEMENT

1. That the proposed Unit Area covered by the Unit Agreement embraces 1,360 acres, more or less, more particularly described as follows:

Township 17 South, Range 32 East, N.M.P.M.

Section 12: South 1/2
Section 13: North 1/2, SW 1/4

Township 17 South, Range 33 East, N.M.P.M.

Section 18: NW 1/4
Section 7: South 1/2 South 1/2 of NW 1/4

2. That the proposed Unit Area is comprised of 1,360 acres of State of New Mexico lands.

3. Applicant is informed and believes, and upon such information and belief states: that the lands to be embraced in the proposed Unit Area cover all or substantially all of the available lands necessary for the effective and efficient institution of a secondary recovery operation by the institution of a waterflood project, and that said Unit Agreement will permit the producing area to be developed and operated in the interest of conservation, the protection of correlative rights and the prevention of waste of Unitized Substances.

4. That Great Western Drilling Company is designated as Unit Operator in the Unit Agreement, and as such is given authority under the terms thereof to carry on operations necessary and proper for the development and operation of the Unit Area and the recovery of Unitized Substances, subject to all applicable laws and regulations. That said Unit Agreement provides for the institution of a secondary recovery operation by the institution of a waterflood project in the Maljamar Grayburg-San Andres Pool as more fully stated hereinbelow.

5. That said Unit Agreement is in substantially the same form as Unit Agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico and the Oil Conservation Commission of the State of New Mexico; it is believed that the field or area involved can be developed more economically and efficiently under the terms of said Unit Agreement to the end that the maximum recovery of Unitized Substances can be obtained without the violation of correlative rights.

6. That application has been made for the approval of said Unit Agreement to the Commissioner of Public Lands of the State of New Mexico, and that prior to the hearing on this Application, informal approval of the form and context of said Unit Agreement will be obtained from the Commissioner. That after formal approval thereof by the Commissioner, a fully executed and approved copy of the Unit Agreement, and a copy of such approval by the Commissioner, will be filed with this Commission.

II.

WATERFLOOD PROJECT

1. A plat showing the location of the proposed injection wells and the location of all other wells within a radius of two miles of said proposed injection wells, and the formation from which said wells are producing or have produced is attached hereto and marked Exhibit "2" to this Application. Said plat also indicates the lessees (or Unit Operators) within said two mile radius.

2. All available logs of the proposed injection wells are filed herewith.

3. The proposed injection wells and casing program is as follows:

<u>Lease</u>	<u>Well No.</u>	<u>Surface Casing (ft)</u>	<u>Cement (Sks)</u>	<u>Production Casing (ft)</u>	<u>Cement (Sks)</u>
Phillips St	5	318	225 (Circ.)	4490	150 ✓
Phillips Sprague	2	305	250 (Circ.)	4470	300 ✓
Phillips Sprague	3	313	200 (Circ.)	4700	300 ✓
Fielder Trust	4	325	300 (Circ.)	4454	300
Fielder Trust	10	307	250 (Circ.)	4466	300
Fielder Trust	12	301	250 (Circ.)	4466	300 ✓

In each case the surface casing in the proposed injection wells listed above is 8-5/8 inch casing and the production casing is 5-1/2 inch. The proposed method for testing casing before use of the injection wells will be in conformity with the established rules of the Commission, including Rule 107 and 702, and all other applicable law and regulation.

4. (a) The name and depth of the zone or formation into which injection will be made is the Grayburg-San Andres formation, which is defined in said Unit Agreement as and to mean that heretofore established underground reservoir, a member of the Grayburg-San Andres of the Guadalupe Series, a part of the Permian System, which is found at 3940 to 4380 feet in the Great Western Drilling Company Fielder #7 Well located in the SE1/4 of SW1/4, Sec. 13, T. 17 S., R. 32 E., N.M.P.M.

(b) The kind of fluid to be injected is water.

(c) The anticipated amount to be injected is estimated at approximately 400 barrels of water daily to "fill up" and thereafter a decreasing amount of water sufficient to maintain effective and efficient secondary recovery operations.

(d) The source of the injection fluid is fresh water to be obtained by purchase from the Yucca Water Company.

5. It is believed that the wells within the Unit Area are at an advanced state of depletion and are regarded as what is commonly referred to as "stripper" wells within the definition of Rule 701 of this Commission.

6. Applicant requests that an allowable be assigned to this waterflood project in accordance with applicable rule and regulation.

7. Applicant further requests that it be authorized to convert any other well located within the Unit area to water injection, without notice and hearing, subject to administrative approval by the Commission, when it is established to the satisfaction of the Secretary-Director that the proposed water injection well has experienced a substantial response to the waterflood project, or is directly offset by a producing well which has experienced such response; and that it is located on a water injection pattern which will result in a thorough and efficient sweep of oil by said waterflood. Applicant hereby stipulates that the State Engineer of the State of New Mexico is an interested party and is to be notified of any request for the expansion of this pilot project.

8. Applicant has made compliance with the Commission's Memorandum No. 5-58, dated January 31, 1958.

III.

COMMINGLING

1. Applicant requests permission to commingle the production of Unitized Substances from all leases within the exterior boundaries of the above Unit Area. Applicant is informed and believes, and upon such information and belief states: that such commingling will neither cause waste nor impair correlative rights and that all production so proposed to be commingled is uniform and similar in composition, gravity, and component parts.

2. Applicant offers to comply with all reasonable rules and regulations of the Commission relative to the testing, storage and metering of the Unitized Substances requested to be so commingled, and Applicant further offers to file all required, or reasonably requested, reports in connection therewith.

WHEREFORE, Applicant respectfully requests that this Application be set before an Examiner Hearing at Santa Fe, New Mexico, and that upon such hearing the Commission enter its Order:

(a) Approving in principal as a proper conservation measure the Malmar Unit Agreement; provided however that notwithstanding any of the provisions contained in said Unit Agreement that such approval not be considered as waiving or relinquishing in any manner any right, duty or obligation which now, or may hereafter be, vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for the exploration and development of any land committed to the Malmar Unit Agreement, or relative to the production of oil or gas therefrom; and,

(b) Designate the Unit Area of the Malmar Unit as the lands described in Paragraph I, 1, hereinabove, and provide that the Unit Area may be expanded or contracted as provided in said Unit Agreement; and,

(c) Authorize Applicant as Operator of the Malmar Unit to institute a waterflood project in the manner and mode set forth in Paragraph II, hereinabove, including the authority to expand such waterflood project, in the event the Unit Area is expanded, by administrative procedure in accordance with applicable rule; and,

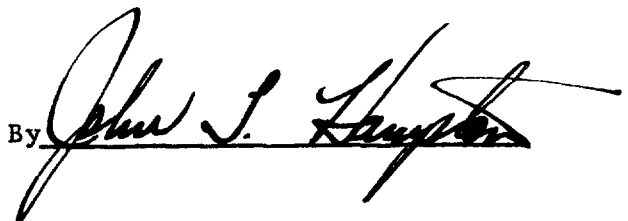
(d) Assign a special allowable to said waterflood project in accordance with the Commission's Rule 701.

(e) Commingle the production from separate leases within the Unit Area.

DATED this _____ day of _____, 1961.

GREAT WESTERN DRILLING COMPANY

By

A handwritten signature in dark ink, appearing to read "John S. Lupton", is written over a horizontal line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.