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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
CIMA CAPITAN, INCORPORATED (N.S.L.),)
A NEW MEXICO CORPORATION, CASTLE &)
WIGZELL, A PARTNERSHIP, AND RED LAKE)
OIL COMPANY, A PARTNERSHIP, FOR A)
WATER FLOOD PROJECT, RED LAKE FIELD,)
EDDY COUNTY, NEW MEXICO.)

No. 2775

APPLICATION

COME NOW Cima Capitan, Incorporated (N.S.L.), a New Mexico corporation, Castle & Wigzell, a partnership composed of John B. Castle and H. Brace Wigzell, and Red Lake Oil Company, a partnership composed of Nell Gillespie, Van P. Welch, Jr., Marjorie Nell Hickey and Robert Hill Welch, by their attorneys, Watson & Watson, and state:

1. That applicants are the operators of fifteen (15) producing oil wells located in Sections 22 and 27, Township 17 South, Range 28 East, N.M.P.M., as follows:

Castle & Wigzell

Township 17 South, Range 28 East, N.M.P.M.

Section 22: Well No. 1, NW $\frac{1}{4}$ NE $\frac{1}{4}$ —
Well No. 2, NE $\frac{1}{4}$ NW $\frac{1}{4}$

Cima Capitan, Incorporated (N.S.L.)

Township 17 South, Range 28 East, N.M.P.M.

Section 22: Well No. 3, SW $\frac{1}{4}$ NE $\frac{1}{4}$
Well No. 2, SE $\frac{1}{4}$ NW $\frac{1}{4}$
Well No. 9, SW $\frac{1}{4}$ NW $\frac{1}{4}$
Well No. 4, NW $\frac{1}{4}$ SW $\frac{1}{4}$
Well No. 8, NW $\frac{1}{4}$ SW $\frac{1}{4}$
Well No. 1, NE $\frac{1}{4}$ SW $\frac{1}{4}$
Well No. 6, NE $\frac{1}{4}$ SW $\frac{1}{4}$
Well No. 7, NW $\frac{1}{4}$ SE $\frac{1}{4}$

Red Lake Oil Company

Township 17 South, Range 28 East, N.M.P.M.

Section 27: Well No. 21, NW $\frac{1}{4}$ NW $\frac{1}{4}$
Well No. 20, NE $\frac{1}{4}$ NW $\frac{1}{4}$
Well No. 5, NW $\frac{1}{4}$ NE $\frac{1}{4}$
Well No. 24, NW $\frac{1}{4}$ NE $\frac{1}{4}$
Well No. 23, NE $\frac{1}{4}$ NE $\frac{1}{4}$

and the proposed project area covered by this Application is NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 27 and all of Section 22, except for SE $\frac{1}{4}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ SE $\frac{1}{4}$, Township 17 South, Range 28 East, N.M.P.M.

2. That there are attached hereto and made a part hereof by reference two certain plats as follows:

(a) Plat showing the project area and the location of the proposed injection wells (Exhibit "A").

(b) Area plat showing the location of all other wells and leases within a radius of one mile from the proposed injection wells (Exhibit "B").

3. That the wells operated by applicants have reached an advanced or "stripper" state of depletion, and applicants propose to inject water into the producing Grayburg-San Andres Formation in sufficient quantities and under sufficient pressure to stimulate the production of oil from the wells in the project area.

4. That applicants propose to convert six (6) presently producing oil wells to water injection wells as follows:

Castle & Wigzell Gulf State Lease

Township 17 South, Range 28 East, N.M.P.M.

Well No. 1, NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22

Cima Capitan, Incorporated (N.S.L.) - Red Lake Lease

Township 17 South, Range 28 East, N.M.P.M.

Well No. 3, SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22

Well No. 4, NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 22

Well No. 6, NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 22

Red Lake Levers Lease

Township 17 South, Range 28 East, N.M.P.M.

Well No. 20, NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 27

Well No. 24, NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 27

5. That applicants propose to drill seven (7) new water injection wells as follows:

Cima Capitan, Incorporated (N.S.L.) - Red Lake Lease

Township 17 South, Range 28 East, N.M.P.M.

Well in NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 22

Well in NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22

Well in NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 22

Well in SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 22

Well in SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 22

Red Lake Levers Lease

Township 17 South, Range 28 East, N.M.P.M.

Well in NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 27

Well in NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 27

6. That applicants propose to drill two (2) new oil producing wells as follows:

Castle & Wigzell Gulf State Lease

Township 17 South, Range 28 East, N.M.P.M.

Well in NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22

Red Lake Levers Lease

Township 17 South, Range 28 East, N.M.P.M.

Well in NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 27

7. That applicants propose to re-enter a dry well located on the Castle & Wigzell Gulf State Lease in the Southwest Corner of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 22, Township 17 South, Range 28 East, N.M.P.M. for the purpose of making said well a water injection well; or, alternatively, applicants will drill an additional injection water well in the vicinity of said dry well.

8. The source of water for this project is purchased from Caprock Water Company or other similar source.

9. That applicants propose to conduct said water flood project in accordance with the allowable provisions of Rule 701 of the New Mexico Oil Conservation Commission.

10. The approval of this water flood project will be in the interest of conservation and prevent waste, and correlative rights will be protected.

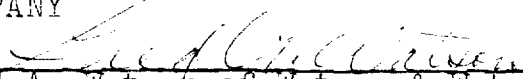
WHEREFORE, applicants pray:

1. That this matter be heard by an examiner duly appointed by the Oil Conservation Commission of the State of New Mexico after due Notice has been given.

2. That after hearing, an Order be entered authorizing applicants to institute the aforementioned water flood project by the injection of water into the producing Grayburg-San Andres Formation through the injection wells hereinabove described, and that allowables be established for the project in conformity with Rule 701, and for such other relief as may be just in the premises.

CIMA CAPITAN, INCORPORATED (N.S.L.),
CASTLE & WIGZELL and RED LAKE OIL
COMPANY

By


Fred A. Watson of Watson & Watson,
Attorneys at Law, P. O. Drawer E,
Artesia, New Mexico.