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PETROLEUM PRODUCTS

PRODUCING DEPARTMENT-
UNITED STATES
MIDLAND DIVISION
DARRELL SMITH
DIVISION MANAGER

Case 4271
TEXACO INC.
P. O. BOX 3109
MIDLAND, TEXAS 79701

November 6, 1969

DMA

REQUEST FOR HEARING
EXPANSION OF RHODES COOPERATIVE WATERFLOOD
RHODES YATES OIL POOL
LEA COUNTY, NEW MEXICO

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

It is respectfully requested that a hearing be scheduled at Santa Fe, New Mexico, November 25, 1969 to consider the application of Texaco Inc. to expand the waterflood project authorized by Order No. R-2748 (Case No. 2086), which was entered on the 29th day of July, 1964, and to amend said order to provide for future expansion by administrative application without notice and hearing.

The presently operating waterflood project includes two injection wells in Units L and N of Section 26, Township 26 South, Range 37 East, Lea County, New Mexico, on Texaco's W. H. Rhodes "B" Federal NCT-1 Lease and adjacent developed units. At the requested hearing November 25, 1969 Texaco Inc. will request authority to expand the project by converting to water injection service three existing wells on Units B, H, and P of Section 27 and one existing well on Unit N of Section 22, same township and range. The expanded project area would also include adjoining and adjacent developed units on the same lease. The east half of Section 27, where the Unit B, H, and P proposed injection wells are located, adjoins and is a part of the same W. H. Rhodes "B" Federal NCT-1 Lease where the original project authorized by Order No. R-2748 is located. The proposed injection well on Unit N of Section 22 is on an adjoining tract designated as W. H. Rhodes "A" Federal Lease comprised of Section 22; however, this Section 22 is included in the same base lease as the adjoining tracts of Section 26 and E/2 Section 27 having identical working interest and royalty interest ownership. It is

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Date 11-14-69

November 6, 1969

therefore, proposed to include the portion of Section 22, W. H. Rhodes "A" Federal Lease, as a part of the proposed expansion of the existing waterflood project on the W. H. Rhodes "B" Federal NCT-1 Lease. The attached plat shows the four additional injection wells and the adjoining developed units that would be included in the enlarged project area. The present project area is outlined in blue and the expansion that will be requested at the forthcoming hearing is outlined in red.

Water will be injected into the four new injection wells at a rate of 500 barrels per day per well at a surface injection pressure of approximately 600 psi. The water will be obtained principally from water wells located in the southwest quarter of Section 9, Township 26 South, Range 37 East, Lea County, New Mexico, approximately two miles north of the project area. This will be fresh water obtained from the Ogallala formation. In addition, fresh water from the Santa Rosa formation in the project area will be used as well as formation water produced with the oil and gas from the Yates-Seven Rivers formation. In the near future, the water supply system will be such that the combined Ogallala, and Santa Rosa system will supply not only the expanded Rhodes Cooperative flood but also the adjoining proposed State "JD" Unit.

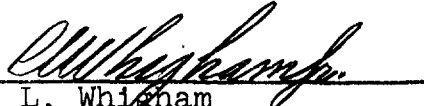
The common source of supply or producing formation of the Rhodes Cooperative Waterflood Project is the Yates-Seven Rivers formation designated the Rhodes Yates Oil Pool. The attached plat shows all tracts and wells involved; however, under separate cover we are forwarding a larger map, well log, and diagrammatic sketch as requested by Rule 701.

All of the area involved is Federal acreage and a copy of this letter requesting a hearing is being sent to the United States Geological Survey. A copy of this letter is also being sent to each of the offset operators as listed below and to Amerada Petroleum Corporation and Cities Service Oil Company which each owns a one-third interest with Texaco Inc. in the W. H. Rhodes "B" Federal NCT-1 Lease and the W. H. Rhodes "A" Federal Lease.

Yours very truly,

Darrell Smith

By

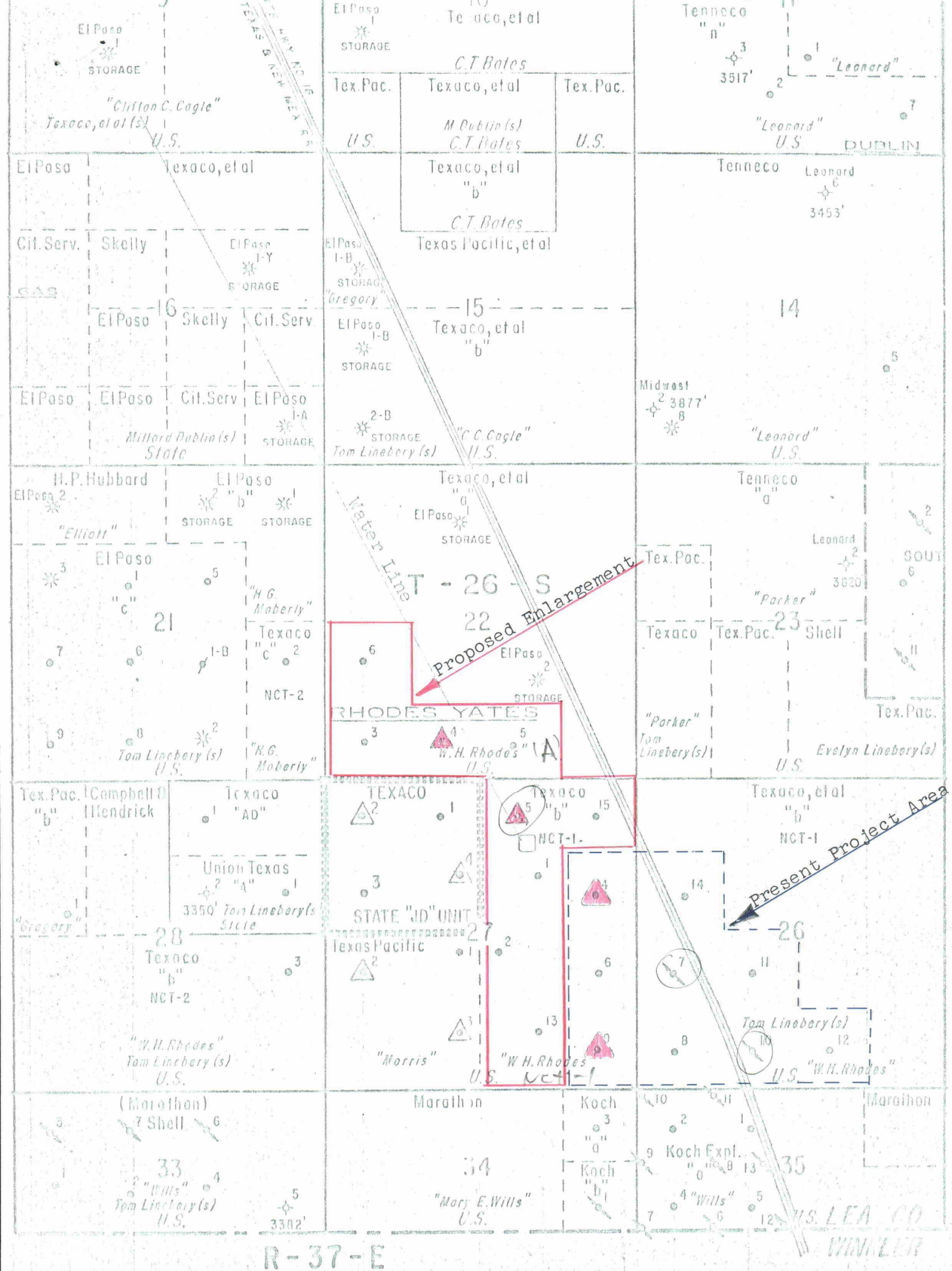

C. L. Whigham

Division Proration Engineer

CLW-MM
Attach.

cc: El Paso Natural Gas Co.
Tenneco
Marathon

Texas Pacific Oil Company
Shell Oil Company
Koch Exploration Co. (Divn. of
Koch Industries, Inc.)



LEGEND

- INJECTION WELL
- COOP INJECTION WELL
- PROPOSED INJECTION WELL
- UNIT BOUNDARY

EXHIBIT "A"

RHODES COOPERATIVE WATERFLOOD

TEXACO INC.
MIDLAND DIVISION
RHODES YATES POOL
Lea County, New Mexico



DEC 1 1969

TEXACO
INC.

PETROLEUM PRODUCTS



DRAWER 728

HOBBS, NEW MEXICO 88240

November 26, 1969

A handwritten signature in dark ink, appearing to be "EWA".

Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 4271
Application For Waterflood
Expansion and Amendment of
Order No. R-2748

Attention: Mr. A.L. Porter, Jr.

Gentlemen:

At the Examiner Hearing on November 25, 1969, to consider TEXACO Inc.'s application to expand waterflood operations in the Rhodes (Yates-Seven Rivers) Pool, it was brought out that different royalty interests existed on the two leases involved, the W.H. Rhodes 'A' Federal and the W.H. Rhodes 'B' Federal (NCT-1). Mr. E.A. Utz and Mr. G.M. Hatch advised that it would probably be necessary to either consider the leases as separate projects or unitize the two leases. At this time, TEXACO has no plans to unitize the leases and respectfully requests that the Commission consider the two leases as separate waterflood projects. Production on the two leases has been produced into separate tank batteries in the past and will be produced into separate batteries in the future. This method of operation will protect the rights of all parties involved in the two leases.

The 12.5% royalty interest on the W.H. Rhodes 'B' Federal (NCT-1) Lease is held exclusively by the U.S.G.S. The 12.5% royalty interest on the W.H. Rhodes 'A' Federal Lease is divided between the U.S.G.S. and some thirty-six (36) other parties.

Please advise if additional information is needed regarding the subject application.

Yours very truly,

A handwritten signature in dark ink, appearing to be "W. E. Morgan".

W. E. Morgan
District Superintendent

BRH-bh
VSP

White, Gilbert, Koch & Kelly
P.O. Box 787 - Santa Fe, N.M. 87501