

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5060
Order No. R-4629

APPLICATION OF CONTINENTAL OIL
COMPANY FOR A UNIT AGREEMENT AND
FOR A WATERFLOOD EXPANSION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 5, 1973, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 13th day of September, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Continental Oil Company, seeks approval of the North El Mar Unit Agreement covering 2,361.16 acres, more or less, of State and Federal lands described as follows:

LEA COUNTY, NEW MEXICO
TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMPM
Section 24: S/2 SE/4
Section 25: All
Section 26: NE/4 NE/4, S/2 NE/4, SE/4 NW/4,
and S/2
Section 27: SE/4 SE/4
Section 34: N/2 NE/4 and Lots 3 and 4
Section 35: N/2 N/2 and Lots 1 through 4
Section 36: N/2 N/2 and Lots 1 through 4

TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM
Section 19: SW/4 SW/4
Section 30: NW/4 NW/4, S/2 NW/4, and SW/4
Section 31: E/2 NW/4 and Lots 1 and 2

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(3) That applicant further seeks permission to expand its Continental El Mar Payne Waterflood Project in the El Mar-Delaware Pool by the injection of water into the Delaware formation through 27 wells located in Sections 24, 25, 26, 27, 34, 35, and 36 of Township 26 South, Range 32 East, and Sections 30 and 31 of Township 26 South, Range 33 East, NMPM, Lea County, New Mexico.

(4) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

(5) That the proposed expansion of the existing waterflood project is feasible and should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(6) That the subject application should be approved and the waterflood project should be governed by the provisions of Rules 701, 702 and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the North El Mar Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That the portion of this order pertaining to the proposed Unit Agreement shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

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(5) That the applicant is hereby authorized to expand its waterflood project by the injection of water into the Delaware formation in each of the following wells:

| <u>OPERATOR</u> | <u>LEASE</u> | <u>WELL NO.</u> | <u>UNIT LETTER</u> | <u>SEC.-TWNS.-RGE.</u> |
|-----------------|--------------|-----------------|------------------------|------------------------|
| Continental | Bradley | 2 | D | 35 - 26S 32E |
| Continental | Bradley | 4 | B | 35 - 26S 32E |
| Continental | Payne | 1 | H | 35 - 26S 32E |
| Continental | Payne | 3 | L | 30 - 26S 33E |
| Continental | Payne | 6 | F | 35 - 26S 32E |
| Continental | Payne | 7 | D | 31 - 26S 33E |
| Continental | Payne | 8 | F | 30 - 26S 33E |
| Continental | Wilder | 2 | N | 25 - 26S 32E |
| Continental | Wilder | 3 | L | 25 - 26S 32E |
| Continental | Wilder | 5 | P | 26 - 26S 32E |
| Continental | Wilder | 6 | F | 25 - 26S 32E |
| Continental | Wilder | 7 | J | 25 - 26S 32E |
| Continental | Wilder | 9 | B | 25 - 26S 32E |
| Continental | Wilder | 10 | H | 25 - 26S 32E |
| Continental | Wilder | 12 | P | 25 - 26S 32E |
| Continental | Wilder | 19 | N | 26 - 26S 32E |
| Continental | Wilder | 20 | J | 26 - 26S 32E |
| Continental | Wilder | 21 | H | 26 - 26S 32E |
| Continental | Wilder | 23 | D | 25 - 26S 32E |
| Continental | Wilder | 24 | L | 26 - 26S 32E |
| Continental | Wilder | 27 | F | 26 - 26S 32E |
| Penrose | Brown Fed. | 1 | D | 30 - 26S 33E |
| Tenneco | Gulf Fed. | 1 | P | 24 - 26S 32E |
| Tenneco | State 36 | 3 | B | 36 - 26S 32E |
| Tenneco | State 36 | 5 | F | 36 - 26S 32E |
| Texaco | Elliott Fed. | 1 | H | 34 - 26S 32E |
| Texaco | Elliott Fed. | 3 | P | 27 - 26S 32E |

(6) That injection in each of the aforesaid wells shall be through internally cement-lined tubing set in a packer located as near as is practicable to the uppermost perforation; that the casing-tubing annulus of each injection well shall be loaded with an inert fluid and equipped with a pressure gauge at the surface.

(7) That the subject waterflood project shall be governed by the provisions of Rules 701, 702 and 703 of the Commission Rules and Regulations.

(8) That the operator shall immediately notify the supervisor of the Commission's Hobbs district office of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may

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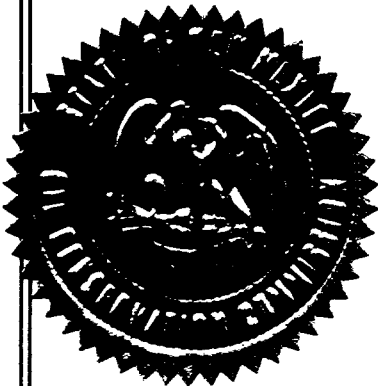
be necessary or required to correct such failure or leakage.

(9) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(10) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



I. R. Trujillo
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

A. L. Porter Jr.
A. L. PORTER, Jr., Member & Secretary

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