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**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. 11368
Order No. R-10474**

**APPLICATION OF PLAINS PETROLEUM
COMPANY FOR A PRESSURE MAINTENANCE
PROJECT, SPECIAL PROJECT ALLOWABLE,
AND A QUALIFICATION FOR THE RECOVERED
OIL TAX RATE PURSUANT TO THE "NEW
MEXICO ENHANCED OIL RECOVERY ACT",
LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 24 and September 21, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 3rd day of October, 1995, 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, Plains Petroleum Company, seeks authority to institute a cooperative pressure maintenance project on portions of its E. C. Hill "B" Federal and Baylus Cade Federal Leases, said project area to comprise the SE/4 of Section 34 and the SW/4 of Section 35, both in Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, by the injection of water into the McKee formation of the Teague (Simpson) Pool through the following described wells which will be converted to injection:

<u>WELL NAME</u>	<u>WELL LOCATION</u>
Baylus Cade Federal No. 5	985' FSL & 1650' FWL (N) 35-23S-37E
E.C. Hill "B" Federal No. 13	Surface Location 947' FSL & 1361' FEL (O) 34-23S-37E Bottomhole Location 1120' FSL & 1380' FEL (O) 34-23S-37E

(3) The applicant proposes to inject into the McKee sand member from a depth of approximately 9475 feet to 9641 feet in the aforesaid E. C. Hill "B" Federal Well No. 13, and from a depth of approximately 9408 feet to 9536 feet in the aforesaid Baylus Cade Federal Well No. 5.

(4) The Teague (Simpson) Pool was discovered in 1950 and created by Division Order No. 850. The main producing area of the field, which is located in the SW/4 of Section 22, all of Section 27, the NE/4 of Section 34 and the NW/4 of Section 35, Township 23 South, Range 37 East, has been extensively developed since its discovery. Nearly all of these producing wells are depleted and have now been plugged and abandoned.

(5) The applicant has discovered an area of the Teague (Simpson) Pool not previously developed. The applicant's geologic evidence and testimony indicate that the SE/4 of Section 34 and the SW/4 of Section 35 are effectively isolated from the main portion of the Teague (Simpson) Pool by a system of faults which traverse the area in southwest to northeast and southeast to northwest directions.

(6) The applicant has drilled five wells within the proposed project area. The applicant further testified that no additional wells will be drilled within the project area.

(7) The applicant proposes to utilize the E. C. Hill "B" Federal Well Nos. 10 and 12, located respectively in Unit M of Section 35 and Unit P of Section 34, and its Baylus Cade Federal Well No. 6 located in Unit K of Section 35, as its producing wells within the project area.

(8) Applicant proposes to inject water, for the purpose of pressure maintenance, into three distinct McKee producing sands within the Teague (Simpson) Pool.

(9) The current average producing rate within the proposed project area is approximately 215 barrels of oil per day per well.

