

CASE 2239: Appli. of AMBASSADOR
for permission to institute a
waterflood project in Loco Hills
pool.

1-asa / No.

2240

Application, Transcript,
and Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 11, 1961

C
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P
Y

Mr. Jack Campbell
Campbell & Russell
P. O. Drawer 640
Roswell, New Mexico

Dear Sir:

Enclosed herewith is Commission Order No. R-1571, entered in Case No. 2239, approving the Ambassador Oil Corporation Loco Hills Water Flood Project.

You will note that a portion of the flood is in a buffer zone, wherein capacity allowables will be permitted. The remaining acreage in the flood is to be operated in accordance with Rule 701 and the rules prescribed in the subject order.

According to our calculations, when all of the authorized injection wells have been placed on active injection, the maximum allowable which the project area outside the buffer zone will be eligible to receive is 182 barrels per day.

Please report any error in this calculated maximum allowable immediately, both to the Santa Fe office of the Commission and the appropriate district proration office.

In order that the allowable assigned to the project may be kept current, and in order that the operator may fully benefit from the allowable provisions of Rule 701, it behooves him to promptly

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

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notify both of the aforementioned Commission offices by letter of any change in the status of wells in the project area, i.e., when active injection commences, when additional injection or producing wells are drilled, when additional wells are acquired through purchase or unitization, when wells have received a response to water injection, etc.

Your cooperation in keeping the Commission so informed as to the status of the project and the wells therein will be appreciated.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Enclosures

cc: J. E. Kapteina - OCC, Santa Fe
M. L. Armstrong - Artesia, N.M.
Hobbs Oil Conservation Commission Office

esm
5/9
DRAFT

RSM/esr
May 9, 1961

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

all
5/9
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF AMBASSADOR OIL
CORPORATION FOR PERMISSION TO
INSTITUTE A WATERFLOOD PROJECT
IN THE LOCO HILLS POOL, EDDY
COUNTY, NEW MEXICO, AND FOR
SPECIAL ALLOWABLES IN CONNEC-
TION THEREWITH.

2239
CASE No. 2239

Order No. R- *1971*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
April 5, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter,
Examiner duly appointed by the Oil Conservation Commission of New
Mexico, hereinafter referred to as the "Commission," in accordance
with Rule 1214 of the Commission Rules and Regulations.

NOW, on this day of May, 1961, the Commission,
a quorum being present, having considered the application, the
evidence adduced, and the recommendations of the Examiner,
Daniel S. Nutter, 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, Ambassador Oil Corporation, is the
owner and operator of Federal Lease LC 028936 (d), comprising in
pertinent part the NW/4 and the W/2 SE/4 of Section 31, Township
17 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) That a portion of said lease directly offsets certain
leases in the Loco Hills Pool upon which Newmont Oil Corporation
is presently conducting waterflood operations.

(4) That in the interest of increasing ultimate recovery
and of producing oil which otherwise might not be recovered,
applicant seeks authority to institute a waterflood project on
the above-described lease by the injection of water into the
Loco Hills Sand, which occurs in this area at a depth of approx-
imately 2800 feet below the surface, into the following wells

which would be converted from producing wells:

Federal "M" No. 1, located
330 feet from the South
line and 2310 feet from the
East line,

Federal "L" No. 1, located
2310 feet from the North
line and 2310 feet from the
West line,

all in Section 31, Township 17 South, Range 30 East, NMPM, Eddy
County, New Mexico, and into the following wells which would be
drilled: ~~at unorthodox locations~~

Federal "L" No. 5, located *at an unorthodox*
location 1650 feet from the North
line and 2665 feet from the
East line,

Federal "M" No. 6, located
1650 feet from the South
line and 1650 feet from the
East line,

all in Section 31, Township 17 South, Range 30 East.

(5) That inasmuch as the Newmont Oil Corporation's water
flood is of the "capacity allowable" type with relatively high
injection rates, applicant in this case proposes to inject at
equivalent rates and requests special allowables for its produc-
ing wells.

(6) That the applicant should be permitted to institute
a waterflood in the Loco Hills Sand of the Loco Hills Pool, Eddy
County, New Mexico, by the injection of water into the wells
described in Finding No. 4 above, and that a buffer zone should
be established wherein water can be injected and wells produced
at rates comparable to those in the Newmont Waterflood Project.

(7) That said buffer zone should include the following-
described acreage:

SECTION 31, TOWNSHIP 17 SOUTH, RANGE 30 EAST
E/2 NW/4 SE/4, SW/4 NW/4 SE/4, SW/4 SE/4

(8) That all producing wells located outside the above-
described buffer zone should be operated and produced in accord-
ance with the allowable provisions of Rule 701 of the Commission's
Rules and Regulations, the project area being limited to that
portion of the subject lease which is not included in the buffer
zone.

(9) That production from wells outside the buffer zone should be tanked separately from production from wells inside the buffer zone, unless the applicant receives approval from the Commission for some other satisfactory means of determining production from each of the two areas.

IT IS THEREFORE ORDERED:

(1) That the applicant, Ambassador Oil Corporation, is hereby authorized to institute a waterflood in the Loco Hills Pool on its Federal Lease LC 028936 (d), comprising in pertinent part the NW/4 and the W/2 SE/4 of Section 31, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, by the injection of water into the following-described wells to be converted from producing wells:

Federal "M" No. 1, located
330 feet from the South
line and 2310 feet from the
East line,

Federal "L" No. 1, located
2310 feet from the North
line and 2310 feet from the
West line,

all in Section 31, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, and into the following wells to be drilled:
~~at unorthodox locations, which are hereby approved:~~

location Federal "L" No. 5, located *at an unorthodox*
1650 feet from the North
line and 2665 feet from the
East line,

Federal "M" No. 6, located
1650 feet from the South
line and 1650 feet from the
East line,

all in Section 31, Township 17 South, Range 30 East.

(2) That the following-described buffer zone is hereby established wherein water can be injected and wells produced at rates comparable with those in the Newmont Waterflood Project:

SECTION 31, TOWNSHIP 17 SOUTH, RANGE 30 EAST
E/2 NW/4 SE/4, SW/4 NW/4 SE/4, SW/4 SE/4

(3) That all producing wells located outside the above-described buffer zone shall be operated and produced in accordance with the allowable provisions of Rule 701 of the Commission's

Rules and Regulations, the project area being limited to that portion of the subject lease which is not included in the buffer zone.

(4) That production from wells outside the buffer zone shall be tanked separately from production from wells inside the buffer zone, unless the applicant receives approval from the Commission for some other satisfactory means of determining production from each of the two areas.

(5) 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.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
AMBASSADOR OIL CORPORATION FOR PER-)
MISSION TO INSTITUTE A WATERFLOOD)
PROJECT IN THE LOCO HILLS POOL, EDDY)
COUNTY, NEW MEXICO, AND FOR SPECIAL)
ALLOWABLES. APPLICANT SEEKS PERMISSION)
TO INJECT WATER INTO WELLS IN SECTION)
31, TOWNSHIP 17 SOUTH, RANGE 30 EAST.)

No. 2239

APPLICATION

COMES NOW Ambassador Oil Corporation, by its Attorneys,
Campbell & Russell, and for its application states:

1. It is the owner and operator of certain oil producing
properties situated in the NW $\frac{1}{4}$ and W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 31, Township
17 South, Range 30 East, in the Loco Hills Pool in Eddy County, New
Mexico.

2. The Commission has heretofore issued its order ap-
proving a waterflood project in said pool, which project is now
operated by Newmont Oil Company.

3. In order to protect its correlative rights and to
prevent waste of oil, Applicant must immediately institute a water-
flood project upon its above-described properties.

4. To further protect its correlative rights and to pre-
vent waste of oil, Applicant should be permitted to inject water at
rates comparable with rates on offsetting properties now under
flood and to obtain special allowables for its producing wells in
said project.

5. Simultaneously herewith there is being filed by
General American Oil Company of Texas an Application in Cause No.

[Handwritten signature/initials]

2238 before the Commission, and Applicant respectfully requests the Commission to consider the exhibits attached to the application of General American Oil Company of Texas as if said exhibits were attached to this application, and to consolidate the hearing in this cause with the hearing in Cause No. 2238 for the purpose of the presentation of testimony and evidence.

6. It attaches hereto as additional exhibits the available logs of wells which it intends to use as injection wells.

WHEREFORE, Applicant requests the Commission to set this matter down for hearing before one of its Examiners, to publish notice as required by law, and, after hearing, to enter its order authorizing the instituting of the proposed waterflood project and the granting of special allowables therefor.

Respectfully submitted,

AMBASSADOR OIL CORPORATION

By Jack M. Campbell
Jack M. Campbell, for
CAMPBELL & RUSSELL
P. O. Box 766
Roswell, New Mexico

Its Attorneys

DATED: March 17, 1961

CASE 2237 (Cont.)

Township 21 South, Range 37 East, Lea County, New Mexico. Applicant proposes to establishment a 40-acre non-standard proration unit comprising the E/2 SE/4 NW/4 and the W/2 SW/4 NE/4 of said Section 35, to be dedicated to said Well No. 25.

CASE 2238:

Application of General American Oil Company of Texas for permission to institute a waterflood project in the Loco Hills Pool and for special allowables in connection therewith. Applicant, in the above-styled cause, seeks permission to institute a waterflood project in the Loco Hills Pool by the injection of water into the Grayburg formation through 7 wells in Sections 31 and 36, Township 17 South, Ranges 29 and 30 East, Eddy County, New Mexico, and for the assignment of special allowables to said project.

CASE 2239:

Application of Ambassador Oil Corporation for permission to institute a waterflood project in the Loco Hills Pool and for special allowables in connection therewith. Applicant, in the above-styled cause, seeks permission to institute a waterflood project in the Loco Hills Pool by the injection of water into the Grayburg formation through 5 wells in Section 31, Township 17 South, Range 30 East, Eddy County, New Mexico, and for the assignment of special allowables to said project.

CASE 2240:

Application of Fair Oil Company for permission to institute a waterflood project in the Loco Hills Pool and for special allowables in connection therewith. Applicant, in the above-styled cause, seeks permission to institute a waterflood project in the Loco Hills Pool consisting of acreage in Section 36, Township 17 South, Range 29 East, Eddy County, New Mexico, and for the assignment of special allowables to said project.

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. 2239
Order No. R-1971

APPLICATION OF AMBASSADOR OIL
CORPORATION FOR PERMISSION TO
INSTITUTE A WATERFLOOD PROJECT
IN THE LOCO HILLS POOL, EDDY
COUNTY, NEW MEXICO, AND FOR
SPECIAL ALLOWABLES IN CONNEC-
TION THEREWITH.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 5, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 11th day of May, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Ambassador Oil Corporation, is the owner and operator of Federal Lease LC 028936 (d), comprising in pertinent part the NW/4 and the W/2 SE/4 of Section 31, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) That a portion of said lease directly offsets certain leases in the Loco Hills Pool upon which Newmont Oil Corporation is presently conducting waterflood operations.

(4) That in the interest of increasing ultimate recovery and of producing oil which otherwise might not be recovered, applicant seeks authority to institute a waterflood project on the above-described lease by the injection of water into the Loco Hills Sand, which occurs in this area at a depth of

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CASE No. 2239
Order No. R-1971

approximately 2800 feet below the surface, into the following wells which would be converted from producing wells:

Federal "M" No. 1, located
330 feet from the South
line and 2310 feet from the
East line,

Federal "L" No. 1, located
2310 feet from the North
line and 2310 feet from the
West line,

all in Section 31, Township 17 South, Range 30 East, WPM, Eddy
County, New Mexico, and into the following wells which would be
drilled:

Federal "L" No. 5, located
at an unorthodox location
1650 feet from the North
line and 2665 feet from the
East line,

Federal "M" No. 6, located
1650 feet from the South
line and 1650 feet from the
East line,

all in Section 31, Township 17 South, Range 30 East.

(5) That inasmuch as the Newmont Oil Corporation's waterflood is of the "capacity allowable" type with relatively high injection rates, applicant in this case proposes to inject at equivalent rates and requests special allowables for its producing wells.

(6) That the applicant should be permitted to institute a waterflood in the Loco Hills Sand of the Loco Hills Pool, Eddy County, New Mexico, by the injection of water into the wells described in Finding No. 4 above, and that a buffer zone should be established wherein water can be injected and wells produced at rates comparable to those in the Newmont Waterflood Project.

(7) That said buffer zone should include the following-described acreage:

SECTION 31, TOWNSHIP 17 SOUTH, RANGE 30 EAST
E/2 NW/4 SE/4, SW/4 NW/4 SE/4, SW/4 SE/4

(8) That all producing wells located outside the above-described buffer zone should be operated and produced in accordance with the allowable provisions of Rule 701 of the Commission's

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CASE No. 2239
Order No. R-1971

Rules and Regulations, the project area being limited to that portion of the subject lease which is not included in the buffer zone.

(9) That production from wells outside the buffer zone should be tanked separately from production from wells inside the buffer zone, unless the applicant receives approval from the Commission for some other satisfactory means of determining production from each of the two areas.

IT IS THEREFORE ORDERED:

(1) That the applicant, Ambassador Oil Corporation, is hereby authorized to institute a waterflood in the Leco Hills Pool on its Federal Lease LC 028936 (d), comprising in pertinent part the NW/4 and the W/2 SE/4 of Section 31, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, by the injection of water into the following-described wells to be converted from producing wells:

Federal "M" No. 1, located
330 feet from the South
line and 2310 feet from the
East line,

Federal "L" No. 1, located
2310 feet from the North
line and 2310 feet from the
West line,

all in Section 31, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, and into the following wells to be drilled:

Federal "L" No. 5, located
at an unorthodox location
1650 feet from the North
line and 2665 feet from the
East line,

Federal "M" No. 6, located
1650 feet from the South
line and 1650 feet from the
East line,

all in Section 31, Township 17 South, Range 30 East.

(2) That the following-described buffer zone is hereby established wherein water can be injected and wells produced at rates comparable with those in the Newmont Waterflood Project:

SECTION 31, TOWNSHIP 17 SOUTH, RANGE 30 EAST
E/2 NW/4 SE/4, SW/4 NW/4 SE/4, SW/4 SE/4

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CASE No. 2239
Order No. R-1971

(3) That all producing wells located outside the above-described buffer zone shall be operated and produced in accordance with the allowable provisions of Rule 701 of the Commission's Rules and Regulations, the project area being limited to that portion of the subject lease which is not included in the buffer zone.

(4) That production from wells outside the buffer zone shall be tanked separately from production from wells inside the buffer zone, unless the applicant receives approval from the Commission for some other satisfactory means of determining production from each of the two areas.

(5) 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



E. L. Meschem

EDWIN L. MESCHEM, Chairman

E. S. Walker
E. S. WALKER, Member

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

esr/

CASE 2240: Application of FAIR
OIL CO. for permission to
institute waterflood project.

-asa No.

2250

Application, Transcript,
and Exhibits, Etc.

CASE 2237 (Cont.)

Township 21 South, Range 37 East, Lea County, New Mexico. Applicant proposes to establishment a 40-acre non-standard proration unit comprising the E/2 SE/4 NW/4 and the W/2 SW/4 NE/4 of said Section 35, to be dedicated to said Well No. 25.

CASE 2238: Application of General American Oil Company of Texas for permission to institute a waterflood project in the Loco Hills Pool and for special allowables in connection therewith. Applicant, in the above-styled cause, seeks permission to institute a waterflood project in the Loco Hills Pool by the injection of water into the Grayburg formation through 7 wells in Sections 31 and 36, Township 17 South, Ranges 29 and 30 East, Eddy County, New Mexico, and for the assignment of special allowables to said project.

CASE 2239: Application of Ambassador Oil Corporation for permission to institute a waterflood project in the Loco Hills Pool and for special allowables in connection therewith. Applicant, in the above-styled cause, seeks permission to institute a waterflood project in the Loco Hills Pool by the injection of water into the Grayburg formation through 5 wells in Section 31, Township 17 South, Range 30 East, Eddy County, New Mexico, and for the assignment of special allowables to said project.

CASE 2240: Application of Fair Oil Company for permission to institute a waterflood project in the Loco Hills Pool and for special allowables in connection therewith. Applicant, in the above-styled cause, seeks permission to institute a waterflood project in the Loco Hills Pool consisting of acreage in Section 36, Township 17 South, Range 29 East, Eddy County, New Mexico, and for the assignment of special allowables to said project.

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. 2240
Order No. R-1972

APPLICATION OF FAIR OIL COMPANY
FOR PERMISSION TO INSTITUTE A
WATERFLOOD PROJECT IN THE LOCO
HILLS POOL, EDDY COUNTY, NEW
MEXICO, AND FOR SPECIAL ALLOW-
ABLES IN CONNECTION THEREWITH.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 5, 1961, at Santa Fe, New Mexico, before Daniel S. Mutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 11th day of May, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Mutter, 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, Fair Oil Company, is the owner and operator of State Lease B-2023, comprising in pertinent part the S/2 NE/4 and the N/2 SE/4 of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.
- (3) That said lease is a direct offset to certain leases in the Loco Hills Pool upon which Newmont Oil Corporation is presently conducting waterflood operations.
- (4) That in the interest of increasing ultimate recovery and of producing oil which otherwise might not be recovered, applicant proposes to cooperate with Newmont Oil Corporation, General American Oil Company of Texas, and Ambassador Oil Corporation in the drilling and equipping of three wells for water injection at unorthodox locations directly offsetting its property.

CASE No. 2240
Order No. R-1372

(5) That inasmuch as applicant's two producing wells, its State "A" No. 1 located in the NE/4 SE/4 of said Section 36, and its State "A" No. 3 located in the NW/4 SE/4 of said Section 36, both directly offset wells within either "capacity allowable" type floods or within a high capacity buffer zone, applicant's request for special allowable for the said two producing wells should be granted.

(6) That the S/2 N/2 SE/4 of said Section 36 should be designated as a buffer zone.

(7) That all producing wells located outside the above-described buffer zone should be operated and produced in accordance with the allowable provisions of Rule 701 of the Commission's Rules and Regulations, the project area being limited to that portion of the subject lease which is not included in the buffer zone.

(8) That production from wells outside the buffer zone should be tanked separately from production from wells inside the buffer zone, unless the applicant receives approval from the Commission for some other satisfactory means of determining production from each of the two areas.

IT IS THEREFORE ORDERED:

(1) That the applicant, Fair Oil Company, is hereby authorized to cooperate with Newmont Oil Corporation, General American Oil Company of Texas, and Ambassador Oil Corporation in the drilling and equipping of three wells for water injection at unorthodox locations directly offsetting its property.

(2) That the S/2 N/2 SE/4 of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, is hereby designated as a buffer zone.

(3) That special capacity allowables are hereby granted for applicant's State "A" Well No. 1 located in the NE/4 SE/4 of said Section 36 and for its State "A" Well No. 3 located in the NW/4 SE/4 of said Section 36.

(4) That all producing wells located outside the above-described buffer zone shall be operated and produced in accordance with the allowable provisions of Rule 701 of the Commission's Rules and Regulations, the project area being limited to that portion of the subject lease which is not included in the buffer zone.

(5) That production from wells outside the buffer zone shall be tanked separately from production from wells inside

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CASE No. 2240
Order No. R-1972

the buffer zone, unless the applicant receives approval from the Commission for some other satisfactory means of determining production from each of the two areas.


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

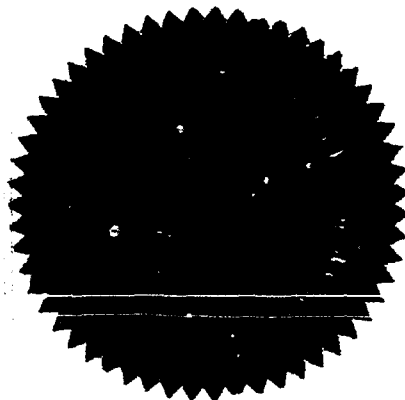
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


E. S. WALKER, Member


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



esr/

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

CC: Oil Conservation Commission:
Hobbs, N.M.
Artesia, N.M.

J. E. Kapteina
OCC - Santa Fe, N.M.

May 11, 1961

C
O
P
Y
Mr. Jack Campbell
Campbell & Russell
P. O. Drawer 640
Roswell, New Mexico

Dear Sir:

Enclosed herewith is Commission Order No. R-1972, entered in Case No. 2240, approving the Fair Oil Company Loco Hills Water Flood Project.

You will note that both of Fair Oil Company's current producing wells are located inside a designated buffer zone, wherein capacity allowables will be permitted. Any wells completed outside said buffer zone will be operated in accordance with Rule 701 and the rules prescribed in the subject order.

In order that the allowable assigned to the project may be kept current, and in order that the operator may fully benefit from the allowable provisions of Rule 701, it behooves him to promptly notify both the Santa Fe and the Artesia offices of the Commission by letter of any change in the status of wells in the project area, i.e., when active injection commences, when additional injection or producing wells are drilled, when additional wells are acquired through purchase or unitization, when wells have received a response to water injection, etc.

Your cooperation in keeping the Commission so informed as to the status of the project and the wells therein will be appreciated.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
FAIR OIL COMPANY FOR PERMISSION TO)
INSTITUTE A WATERFLOOD PROJECT IN THE)
LOCO HOLLS POOL, EDDY COUNTY, NEW)
MEXICO, AND FOR SPECIAL ALLOWABLES.)
APPLICANT SEEKS PERMISSION TO PRO-)
DUCE WELLS IN SECTION 36, TOWNSHIP)
17 SOUTH, RANGE 29 EAST, AS PART OF)
A WATERFLOOD PROJECT.)

No. 2240

APPLICATION

COMES NOW Fair Oil Company, by its Attorneys, Campbell & Russell, and for its application states:

1. It is the owner and operator of certain oil producing properties situated in the S $\frac{1}{2}$ NE $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 36, Township 17 South, Range 29 East, in the Loco Holls Pool in Eddy County, New Mexico.

2. The Commission has heretofore issued its order approving a waterflood project in said pool, which project is now operated by Newmont Oil Company.

3. In order to protect its correlative rights and to prevent waste of oil, Applicant must immediately institute a waterflood project upon its above-described properties.

4. To further protect its correlative rights, Applicant should receive special allowables for its producing wells in said project.

5. Simultaneously herewith, there is being filed by General American Oil Company of Texas an Application in Cause No.

[Handwritten signature]

2238 before the Commission, and Applicant respectfully requests the Commission to consider the exhibits attached to the application of General American Oil Company of Texas as if said exhibits were attached to this application, and to consolidate the hearing in this cause with the hearing in Cause No. 2238 for the purpose of the presentation of testimony and evidence.

6. It attaches hereto as additional exhibits the production records on its producing oil wells upon its properties.

WHEREFORE, Applicant requests the Commission to set this matter down for hearing before one of its Examiners, to publish notice as required by law, and, after hearing, to enter its order authorizing the instituting of the proposed waterflood project and the granting of special allowables therefor.

Respectfully submitted,

FAIR OIL COMPANY

By Jack M. Campbell
Jack M. Campbell, for
CAMPBELL & RUSSELL
P. O. Box 766
Roswell, New Mexico

Its Attorneys

DATED: March 17, 1961

FAIR OIL COMPANY
LOCO HILLS FIELD PRODUCTION
EDDY COUNTY, NEW MEXICO

STATE "A" 1 & 3
UNITS I, J & H
SEC. 36-T17S-R29E

1939	20,272
1940	38,662
1941	31,322
1942	22,648
1943	14,789
1944	12,442
1945	7,844
1946	5,320
1947	4,110
1948	2,548
1949	1,396
Cum. 1-1-50	161,353

1950

January	123
February	144
March	298
April	340
May	232
June	210
July	131
August	214
September	174
October	106
November	178
December	146
Total	2,296
Cum. 1-1-51	163,649

1951

January	164
February	164
March	189
April	141
May	162
June	137
July	114
August	129
September	155
October	159
November	165
December	121
Total	1,800
Cum. 1-1-52	165,449

1952

January	151
February	155
March	116
April	175
May	162
June	238
July	221
August	158
September	141
October	151
November	152
December	164
Total	1,984
Cum. 1-1-53	167,433

FAIR OIL COMPANY
LOCO HILLS FIELD PRODUCTION
EDDY COUNTY, NEW MEXICO

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STATE "A" 1 & 3
UNITS I, J & H
SEC. 36-T17S-R29E

1953

January	158
February	171
March	196
April	177
May	183
June	167
July	167
August	167
September	171
October	172
November	156
December	168
Total	2,053
Cum. 1-1-54	169,486

1954

January	175
February	137
March	155
April	136
May	135
June	109
July	102
August	71
September	-
October	66
November	364
December	270
Total	1,720
Cum. 1-1-55	171,206

1955

January	235
February	155
March	183
April	105
May	291
June	190
July	205
August	117
September	154
October	186
November	213
December	214
Total	2,248
Cum. 1-1-56	173,454

FAIR OIL COMPANY
LOCO HILLS FIELD PRODUCTION
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STATE "A" 1 & 3
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1956

January	195
February	152
March	180
April	127
May	108
June	97
July	102
August	116
September	137
October	141
November	158
December	109
Total	1,622
Cum. 1-1-57	175,076

1957

January	91
February	133
March	148
April	113
May	188
June	153
July	155
August	123
September	138
October	109
November	113
December	102
Total	1,571
Cum. 1-1-58	176,647

1958

January	124
February	114
March	80
April	111
May	132
June	124
July	124
August	121
September	108
October	84
November	113
December	95
Total	1,330
Cum. 1-1-59	177,977

FAIR OIL COMPANY
LOCO HILLS FIELD PRODUCTION
EDDY COUNTY, NEW MEXICO

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STATE "A" 1 & 3
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1959

January	135
February	106
March	121
April	107
May	88
June	92
July	69
August	91
September	84
October	83
November	102
December	96
Total	1,174
Cum. 1-1-60	179,151

1960

January	75
February	105
March	105
April	108
May	113
June	83
July	57
August	85
September	77
October	82
November	83
December	62
Total	1,035
Cum. 12-31-60	180,186

KN:gk

RSM
5/9

DRAFT

RSM/esr
May 9, 1961

5/9

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

5/9

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

CASE No. 2240

Order No. R- 1972

APPLICATION OF FAIR OIL COMPANY
FOR PERMISSION TO INSTITUTE A
WATERFLOOD PROJECT IN THE LOCO
HILLS POOL, EDDY COUNTY, NEW
MEXICO, AND FOR SPECIAL ALLOW-
ABLES IN CONNECTION THEREWITH.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 5, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this _____ day of May, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Fair Oil Company, is the owner and operator of State Lease B-2023, comprising in pertinent part the S/2 NE/4 and the N/2 SE/4 of Section 36, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.

(3) That said lease is a direct offset to certain leases in the Loco Hills Pool upon which Newmont Oil Corporation is presently conducting waterflood operations.

(4) That in the interest of increasing ultimate recovery and of producing oil which otherwise might not be recovered, applicant proposes to cooperate with Newmont Oil Corporation, General American Oil Company of Texas, and Ambassador Oil Corporation in the drilling and equipping of three wells for

water injection at unorthodox locations directly offsetting its property.

(5) That inasmuch as applicant's two producing wells, its State "A" No. 1 located in the NE/4 SE/4 of said Section 36, and its State "A" No. 3 located in the NW/4 SE/4 of said Section 36, both directly offset wells within either "capacity allowable" type floods or within a high capacity buffer zone, applicant's request for special allowable for the said two producing wells should be granted.

(6) That the S/2 N/2 SE/4 of said Section 36 should be designated as a buffer zone.

(7) That all producing wells located outside the above-described buffer zone should be operated and produced in accordance with the allowable provisions of Rule 701 of the Commission's Rules and Regulations, the project area being limited to that portion of the subject lease which is not included in the buffer zone.

(8) That production from wells outside the buffer zone should be tanked separately from production from wells inside the buffer zone, unless the applicant receives approval from the Commission for some other satisfactory means of determining production from each of the two areas.

IT IS THEREFORE ORDERED:

(1) That the applicant, Fair Oil Company, is hereby authorized to cooperate with Newmont Oil Corporation, General American Oil Company of Texas, and Ambassador Oil Corporation in the drilling and equipping of three wells for water injection at unorthodox locations directly offsetting its property.

(2) That the S/2 N/2 SE/4 ^{of Section 36, Township 17 South, Range 29 East,} is hereby designated as a buffer zone.
→ N.M.P.M., Eddy County, New Mexico

(3) That special capacity allowables are hereby granted for applicant's State "A" Well No. 1 located in the NE/4 SE/4 of said Section 36 and for its State "A" Well No. 3 located in the NW/4 SE/4 of said Section 36.

(4) That all producing wells located outside the above-described buffer zone shall be operated and produced in accordance with the allowable provisions of Rule 701 of the Commission's Rules and Regulations, the project area being limited to that portion of the subject lease which is not included in the buffer zone.

(5) That production from wells outside the buffer zone shall be tanked separately from production from wells inside the buffer zone, unless the applicant receives approval from the Commission for some other satisfactory means of determining production from each of the two areas.

(6) 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.