

CASE 3324: Application of NEWMONT
OIL CO. for unorthodox location,
Eddy County, New Mexico.

CASE NO.

3324

Application,

Transcripts,

Small Exhibits

ETC.

DRAFT

JMD/esr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CF Subj. _____

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

CASE No. 3324

Order No. R-2987

APPLICATION OF NEWMONT OIL COMPANY
FOR AN UNORTHODOX LOCATION, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
October 19, 1965, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this _____ day of October, 1965, 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.

(3) That the applicant, ~~Newmont Oil Company~~, seeks authority
in said waterflood project
to drill an oil producing well at an unorthodox location in the
Loco Hills Pool 990 feet from the South line and 1310 feet from the
West line of Section 2, Township 18 South, Range 29 East, NMPM,
Eddy County, New Mexico.

~~(2) That the proposed location of the above-described well
is within the applicant's Loco Hills Sand Unit Waterflood Project
area.~~

(4) That approval of the proposed location should increase
the efficiency of the *West Grayburg Sand* ~~Loco Hills Sand Unit~~ Waterflood Project and
result in greater ultimate recovery of oil, thereby preventing
waste.

(2) That the applicant, Newmont Oil Company, is the operator
of the West Grayburg Sand Waterflood Project in the Loco
Hills Pool, Eddy County, New Mexico.

(5) That approval of the subject application ~~will prevent the drilling of unnecessary wells,~~ will afford the applicant the opportunity to produce its just and equitable share of the oil in the pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Newmont Oil Company, is hereby authorized to drill a producing oil well ^(at an unorthodox location) ~~in its Loco Hills Sand Unit Waterflood Project area~~ ^{the West Grayburg} ~~in the~~ Loco Hills Pool, 990 feet from the South line and 1310 feet from the West line of Section 2, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) 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.

SEP 29 AM 9

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
NEWMONT OIL COMPANY FOR AN ORDER)
AUTHORIZING THE DRILLING OF A PRO-)
DUCTION WELL AT AN UNORTHODOX LOCATION)
IN ITS WEST GRAYBURG NO. 4 SAND WATER)
FLOOD PROJECT IN THE LOCO HILLS POOL,)
EDDY COUNTY, NEW MEXICO, SAID WELL TO)
BE LOCATED AT A POINT 990 FEET FROM)
THE SOUTH LINE AND 1310 FEET FROM THE)
WEST LINE OF SECTION 2, TOWNSHIP 18)
SOUTH, RANGE 29 EAST, NMPM.)

No. 3324

APPLICATION

COMES NOW Applicant, Newmont Oil Company, by its attorney, John F. Russell, and states:

1. Applicant is the operator of its West Grayburg No. 4 Sand Waterflood Project in the Loco Hills Pool, Eddy County, New Mexico, authorized by Order R-2178-B, entered in Case No. 2578.
2. Applicant seeks to drill a production well to be located at an unorthodox location 990 feet from the south line and 1310 feet from the west line of Section 2, Township 18 South, Range 29 East, Eddy County, New Mexico.
3. Applicant attaches hereto, marked Exhibit "A", a plat of its waterflood project showing the location of the proposed producing well and the approved pattern for its water injection wells.
4. Applicant attaches hereto, marked Exhibit "B", a diagrammatic sketch of the proposed well with anticipated depth intervals.

5. The location sought by Applicant is necessary in order to prevent waste and protect correlative rights.

WHEREFORE, Applicant requests the Commission to set this matter down for hearing before an Examiner, to publish its notice as provided by law, and after hearing, to issue its order authorizing the drilling of the production well as prayed for herein.

Respectfully submitted,

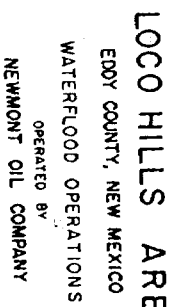
NEWMONT OIL COMPANY

By John D. Russell

P. O. Drawer 640
Roswell, New Mexico

Attorney for Applicant

DATED: September 28, 1965

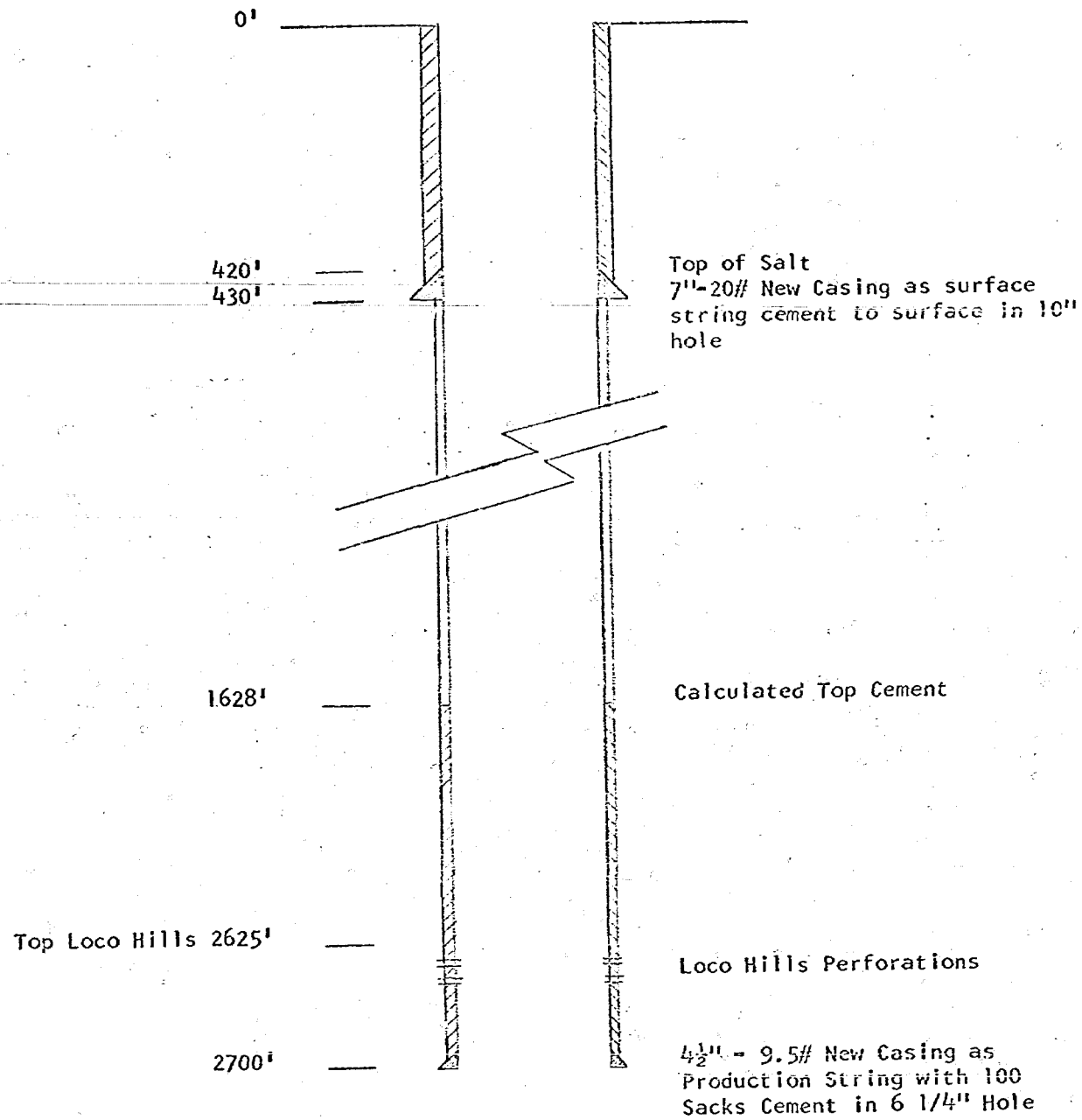


3326

NEWMONT OIL COMPANY
WEST LOCO HILLS UNIT WELL 31-3

EXHIBIT "B"

DIAGRAMMATIC SKETCH PROPOSED WELL
WITH ANTICIPATED DEPTH INTERVALS
990 FT. FSL and 1310 FT. FWL
SEC. 2 T18S R29E
EDDY COUNTY, NEW MEXICO



9/22/65

LAW OFFICES OF
JOHN F. RUSSELL
SUITE 1010 SECURITY NATIONAL BANK BUILDING
P. O. DRAWER 640
ROSWELL, NEW MEXICO 88201

September 28, 1965

TELEPHONE 622-4641
AREA CODE 505

SEP 29 AM 9

Case 3324

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

I transmit herewith an application of Newmont Oil Company
to be set for hearing before an Examiner.

Very truly yours,

John F. Russell
John F. Russell

JFR:np

Enclosure

cc: Mr. Herman Ledbetter
Division Superintendent
Newmont Oil Company
Room 303 First Natl. Bank Bldg.
Artesia, New Mexico 88210

Mr. Frank Johnson
Newmont Oil Company
1300 Main at Polk
Houston, Texas 77002

DOCKET MAILED

Date 10-8-65

DOCKET: EXAMINER HEARING - TUESDAY - OCTOBER 19, 1965

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, Alternate Examiner:

- CASE 3321: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Willard C. Franks and all other interested parties to show cause why the LaRoe Well No. 1 located in the SE/4 NW/4 of Section 19, Township 27 North, Range 22 East, Colfax County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.
- CASE 3322: Application of Ann Burnett Windfohr, George R. Brown, and Allied Chemical Corporation for a waterflood project, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to institute a waterflood project in the Grayburg Jackson Pool, Eddy County, New Mexico, by the injection of water into the Grayburg formation through three wells in Section 25, Township 17 South, Range 30 East.
- CASE 3323: Application of David Fasken for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of his Belmont-Collier Well No. 1 located in Unit H of Section 9, Township 11 South, Range 33 East, Lea County, New Mexico, to produce oil from the North Bagley Upper and Lower Pennsylvanian Pools through parallel strings of tubing.
- CASE 3324: Application of Newmont Oil Company for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing oil well at an unorthodox location 990 feet from the South line and 1310 feet from the West line of Section 2, Township 18 South, Range 29 East, Loco Hills Pool, Eddy County, New Mexico.
- CASE 3325: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the N/2 of Section 1, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Vaughan B-1 Well No. 1, located in Unit H of said Section 1.
- CASE 3326: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 560-acre non-standard gas proration unit comprising the E/2 SE/4 of Section 22, the W/2 of Section 26, and the E/2 E/2 of Section 27, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be dedicated to its SEMU Well No. 65, located 2363 feet from the South line and 0 feet from the West line of said Section 26.

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. 2472
Order No. R-2166

APPLICATION OF NEWMONT OIL COMPANY
FOR APPROVAL OF THE WEST LOCO HILLS
GRAYBURG NO. 4 SAND UNIT AGREEMENT,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 4, 1962, 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 17th day of January, 1962, 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, Newmont Oil Company, seeks approval of the West Loco Hills Grayburg No. 4 Sand Unit Agreement covering 5,320 acres, more or less, in Townships 17 and 18 South, Ranges 22 and 30 East, NMPM, Eddy County, New Mexico.

(3) That approval of the proposed West Loco Hills Grayburg No. 4 Sand Unit Agreement will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

(1) That the West Loco Hills Grayburg No. 4 Sand Unit Agreement is hereby approved.

(2) That the Plan under which the unit area shall be operated shall be embraced in the form of a unit agreement for the development and operation of the West Loco Hills Grayburg No. 4 Sand Unit Area and such plan shall be known as the West Loco Hills Grayburg No. 4 Sand Unit Agreement Plan.

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CASE No. 2472
Order No. R-2166

(3) That the West Loco Hills Grayburg No. 4 Sand Unit Agreement Plan 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 Oil Conservation Commission of New Mexico relative to the supervision and control of operations for the exploration and development of any lands committed to the West Loco Hills Grayburg No. 4 Sand Unit, or relative to the production of oil and gas therefrom.

(4) (a) That the unit area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

TOWNSHIP 17 SOUTH, RANGE 29 EAST
Section 36: S/2 SW/4

TOWNSHIP 18 SOUTH, RANGE 29 EAST
Section 1: W/2 and S/2 SE/4
Section 2: All
Section 3: All
Section 4: E/2 SE/4
Section 9: E/2
Section 10: All
Section 11: All
Section 12: All
Section 13: NE/4
Section 15: NW/4, W/2 NE/4 and NE/4 NE/4

TOWNSHIP 18 SOUTH, RANGE 30 EAST
Section 7: W/2, W/2 SE/4 and SE/4 SE/4
Section 18: NW/4, W/2 NE/4, N/2 SE/4
and NE/4 SW/4

comprising 5,320 acres more or less.

(b) That the unit may be enlarged or contracted as provided in said Plan; provided, however, that administrative approval for expansion or contraction of the unit area must also be obtained from the Secretary-Director of the Oil Conservation Commission.

(5) That the unit operator shall file with the Commission an executed original or executed counterpart of the West Loco Hills Grayburg No. 4 Sand Unit Agreement within 30 days after the effective date thereof. In the event of subsequent joinder by any party or expansion of the unit area, the unit operator shall file with the Commission within 30 days of such action counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

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CASE No. 2472
Order No. R-2166

(6) That this order 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, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall notify the Commission immediately in writing of such termination.

(7) 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 herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

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

S E A L

esr/

BEFORE THE OIL CONSERVATION COMMISSION

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

CASE No. 2578
Order No. R-2178-B

APPLICATION OF NEWMONT OIL COMPANY
FOR APPROVAL OF A DEVELOPMENT PLAN
FOR THE LOCO HILLS WATERFLOOD PROJ-
ECT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 7, 1962, 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 14th day of June, 1962, 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 by Order No. R-2178, entered in Case No. 2473 on January 30, 1962, the Commission authorized Newmont Oil Company to institute a waterflood in the Loco Hills Grayburg No. 4 Sand Unit Area in Eddy County, New Mexico. Said order provided that Rule 701-E of the Commission Rules and Regulations governed the determination of the project area and of the project allowable, and established a buffer zone within which wells could be produced at unrestricted rates.

(3) That the applicant seeks approval of a plan of development for the Loco Hills Waterflood Project, Eddy County, New Mexico, which would permit the conversion of wells to water injection by stages.

(4) That an administrative procedure should be established whereby wells may be converted to injection by stages rather than after experiencing substantial response to water injection as required by Rule 701-E (5).

(5) That approval of the subject application will not alter the manner in which allowable would be assigned to the waterflood

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CASE No. 2578
Order No. R-2178-B

project area under the provisions of Rule 701, and will result in certain operating convenience to the applicant.

IT IS THEREFORE ORDERED:

(1) That an administrative procedure is hereby established whereby the applicant, Newmont Oil Company, may convert wells to injection by stages within its Loco Hills Sand Unit Waterflood Project, Eddy County, New Mexico. Five stages hereinafter designated and described are hereby established within which wells may be converted to water injection:

STAGE I

January 1, 1963
to June 30, 1963

E/2 of Section 2, NE/4 and N/2 SE/4 of Section 11, and S/2 NW/4 and S/2 of Section 12, Township 18 South, Range 29 East, and SW/4, W/2 SE/4, and SE/4 SE/4 of Section 7, Township 18 South, Range 30 East.

STAGE II

July 1, 1963
to December 31, 1963

W/2 of Section 2, W/2 of Section 11, and NE/4 of Section 13, Township 18 South, Range 29 East, NW/4, W/2 NE/4, NE/4 SW/4, and N/2 SE/4 of Section 18, Township 18 South, Range 30 East.

STAGE III

January 1, 1964
to June 30, 1964

E/2 of Section 3, E/2 of Section 10, and W/2 NE/4 of Section 15, Township 18 South, Range 29 East.

STAGE IV

July 1, 1964
to December 31, 1964

W/2 of Section 3, W/2 of Section 10, and NW/4 of Section 15, Township 18 South, Range 29 East.

STAGE V

After January 1, 1965

E/2 SE/4 of Section 4 and E/2 of Section 9, Township 18 South, Range 29 East.

(2) That application for administrative approval to convert wells to injection within the above-described stages shall be made in the normal manner under Rule 701-E (5), and shall include data concerning the casing and cementing program in the proposed injection well. A copy of said application shall be furnished to the office of the State Engineer.

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CASE No. 2578
Order No. R-2178-B

(3) 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 herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

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

S E A L

esr/

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. 2520
Order No. R-2178-A

APPLICATION OF NEWMONT OIL COMPANY
FOR AN AMENDMENT OF ORDER NO. R-2178,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 10, 1962, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 26th day of April, 1962, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 by Order No. R-2178, entered in Case No. 2473 on January 30, 1962, the Commission authorized Newmont Oil Company to institute a waterflood in the Loco Hills Pool within the West Loco Hills Grayburg No. 4 Sand Unit Area in Eddy County, New Mexico. Said order provided that Rule 701-E of the Commission's Rules and Regulations governed the determination of the project area and of the project allowable, and established a buffer zone within which wells could be produced at unrestricted rates.

(3) That Newmont Oil Company seeks an amendment of said Order No. R-2178 to provide for an exception to Rule 701-E to define the waterflood project area of the West Loco Hills Grayburg No. 4 Sand Unit as comprising all developed proration units in said unit area whether or not the units are offset by injection wells, and to assign to said project area the maximum allowable authorized by Rule 701-E, said allowable to be produced from any well or wells in the unit area. As an alternative, approval is requested of an allowable equal to the maximum allowable authorized by Rule 701-E for all wells in the unit area, to be produced from any well or wells therein.

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CASE No. 2520
Order No. R-2178-A

(4) That in Case No. 1787, Order No. R-1525, by which Rule 701 was promulgated, the Commission determined that reasonable curtailment of production in waterflood projects does not result in a loss of ultimate recovery. Said determination was made only after full consideration of the varying reservoir conditions encountered in the oil pools of New Mexico.

(5) That the applicant in this case failed to prove that the Loco Hills Pool is sufficiently different from other oil pools in New Mexico to justify an exception to Rule 701.

(6) That the applicant failed to prove that waste would be caused or that correlative rights would be violated by operating the subject waterflood project under the provisions of Rule 701 and pursuant to Order No. R-2178.

(7) That the application should be denied.

IT IS THEREFORE ORDERED:

That the application of Newmont Oil Company for an amendment of Order No. R-2178 is hereby denied.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

S E A L

E. S. WALKER, Member

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

esr/

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. 2473
Order No. R-2178

APPLICATION OF NEWMONT OIL COMPANY
FOR EXPANSION OF ITS LOCO HILLS
WATERFLOOD PROJECT, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 4, 1962, 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 30th day of January, 1962, 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, Newmont Oil Company, seeks permission to expand its Loco Hills Waterflood Project to include the West Loco Hills Grayburg No. 4 Sand Unit Area, comprising 5,320 acres, more or less, in Townships 17 and 18 South, Ranges 29 and 30 East, NMPM, Eddy County, New Mexico, which unit was approved by Order No. R-2166.

(3) That the applicant seeks permission to operate the expanded waterflood project as a "capacity" type flood unrestricted by the allowable provisions of Rule 701 E.

(4) That in the interest of increasing ultimate recovery in the Loco Hills Pool, the applicant should be authorized to

-2-

Case No. 2473

Order No. R-2178

conduct waterflood operations in the West Loco Hills Grayburg No. 4 Sand Unit Area by the injection of water into the Loco Hills Sand; that the allowables to be assigned to wells in this project should be governed by the provisions of Rule 701 E, except that a buffer zone should be established in which allowables would be unrestricted.

(5) 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.

(6) That for the purpose of determining the project area and computing the project allowable under Rule 701 E, any producing well in said project area lying outside the buffer zone should be entitled to receive credit for offsetting an injection well regardless of whether the injection well is in the buffer zone or in the project area.

IT IS THEREFORE ORDERED:

(1) That the applicant, Newmont Oil Company, is hereby authorized to institute a waterflood in the Loco Hills Pool within the West Loco Hills Grayburg No. 4 Sand Unit Area located in Townships 17 and 18 South, Ranges 29 and 30 East, NMPM, Eddy County, New Mexico, by the injection of water initially into the following-described wells:

Ballard B No. 1 - SE/4 NW/4 Section 1, Township 18 South,
Range 29 East

Dixon Yates Federal No. 2 - SE/4 SE/4 Section 1, Township
18 South, Range 29 East

Newmont Canfield No. 1-A - NW/4 NW/4 Section 7, Township
18 South, Range 30 East

(2) That the ultimate project area for said waterflood shall consist of all the acreage within the said West Loco Hills Grayburg No. 4 Sand Unit Area, except the following-described acreage which shall constitute a buffer zone:

TOWNSHIP 17 SOUTH, RANGE 29 EAST
Section 36: S/2 SW/4

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Case No. 2473

Order No. R-2178

TOWNSHIP 18 SOUTH, RANGE 29 EAST

Section 1: W/2 and S/2 SE/4

Section 12: NE/4 and N/2 NW/4

TOWNSHIP 18 SOUTH, RANGE 30 EAST

Section 7: NW/4

(3) That the wells located within the above-described buffer zone may be operated at unrestricted rates of production.

(4) That all producing wells located within said waterflood project and outside the above-described buffer zone shall be operated and produced in accordance with the allowable provisions of Rule 701 E of the Commission Rules and Regulations.

(5) That for the purpose of determining the project area and computing the project allowable under Rule 701 E, any producing well in said project area lying outside the buffer zone shall be entitled to receive credit for offsetting an injection well regardless of whether the injection well is in the buffer zone or in the project area.

(6) 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.

(7) 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

S E A L

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

ir/

Docket No. 30-65

DOCKET: EXAMINER HEARING - TUESDAY - OCTOBER 19, 1965

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, Alternate Examiner:

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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. 3324
Order No. R-2987

APPLICATION OF NEWMONT OIL COMPANY
FOR AN UNORTHODOX LOCATION, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 19, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 27th day of October, 1965, 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, Newmont Oil Company, is the operator of the West Grayburg Sand Waterflood Project in the Loco Hills Pool, Eddy County, New Mexico.

(3) That the applicant seeks authority to drill an oil producing well in said waterflood project at an unorthodox location in the Loco Hills Pool 990 feet from the South line and 1310 feet from the West line of Section 2, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico.

(4) That approval of the proposed location should increase the efficiency of the West Grayburg Sand Waterflood Project and

-2-

CASE No. 3324

Order No. R-2987

result in greater ultimate recovery of oil, thereby preventing waste.

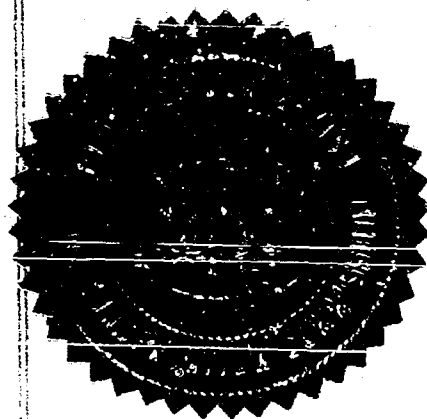
(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Newmont Oil Company, is hereby authorized to drill a producing oil well in the West Grayburg Sand Unit Waterflood Project Area at an unorthodox location in the Loco Hills Pool 990 feet from the South line and 1310 feet from the West line of Section 2, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) 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

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

esr/

State of New Mexico
Oil Conservation Commission



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

October 27, 1965

Re: Case No. 3324
Order No. R-2987
Applicant:

A. L. PORTER, Jr.
Secretary-Director

Hobbs OCC x
 Artesia OCC x
 Aztec OCC

Other _____

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO

LEGAL DIVISION
PHONE 827-2741

November 18, 1965

C
O
P
Y
Newmont Oil Company
Room 303, First National Bank Building
Artesia, New Mexico 88210

Attention: Mr. Herman J. Ledbetter, Division Superintendent

Re: Order No. R-2987

Gentlemen:

We have your letter of November 16, 1965, requesting approval to move the location of your West Loco Hills Unit Tract 31 Well No. 3 from the location approved by the above order to a location 990 feet from the South line and 1270 feet from the West line of Section 2, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico. In accordance with our telephone conversation of November 15, 1965, it is our understanding that it is not practicable to drill at the location approved by Order No. R-2987 due to existing high lines.

As the proposed location is nearer to a standard location than the location approved by Order No. R-2987, the Commission has no objection to your drilling at the proposed location.

Very truly yours,

J. M. DURRETT, Jr.
Attorney

JMD/esr

cc: Oil Conservation Commission
Drawer DD
Artesia, New Mexico

Cost
332

NEWMONT OIL COMPANY

ROOM 303, FIRST NATIONAL BANK BUILDING

ARTESIA, NEW MEXICO 88210

November 16, 1965

NEW MEXICO
DISTRICT OFFICE

Mr. A. L. Porter, Jr.
Secretary-Director
P. O. Box 2088
Santa Fe, New Mexico

Dear Sir:

As we discussed on the telephone yesterday we would like approval to move the location of West Loco Hills Unit Tract 31 Well No. 3 as approved in New Mexico Oil Conservation Commission Order No. R-2987 from 990 feet from south line and 1310 feet from west line of Section 2-T18S-R29E to 990 feet from south line and 1270 feet from west line of Section 2-T18S-R29E. This in effect moves the well 40 feet west.

Attached is a copy of the map and the surveyor plat of the well.

Yours truly,

Newmont Oil Company

Herman J. Ledbetter

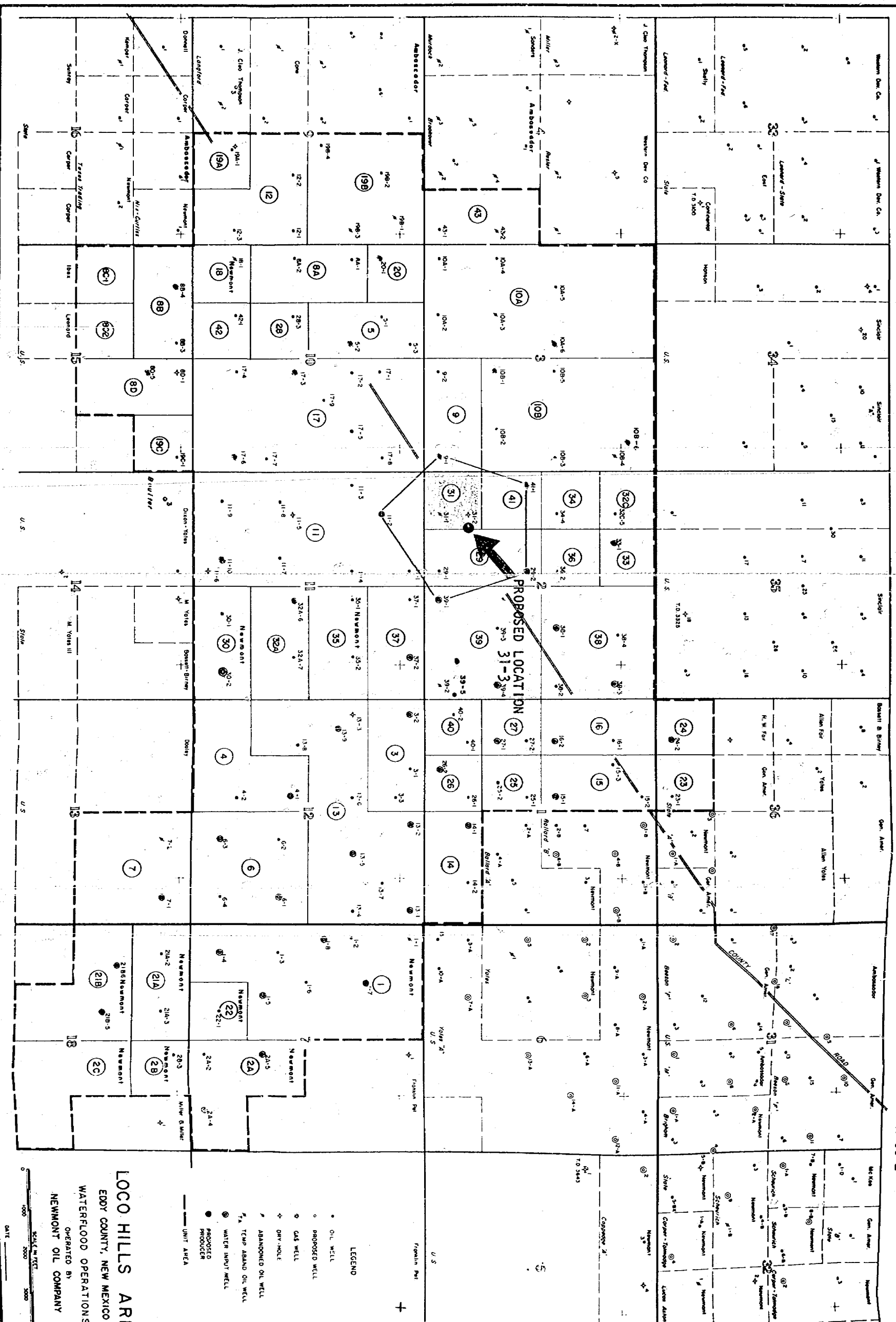
Herman J. Ledbetter
Division Superintendent

/saf
Attachments

R 29 E

R 30 E

EXHIBIT "A"



LOCO HILLS ARE
EDDY COUNTY, NEW MEXICO
WATERFLOOD OPERATIONS
OPERATED BY
NEWMONT OIL COMPANY

LEGEND

- OIL WELL
- PROPOSED WELL
- ◇ GAS WELL
- ◇ DRY HOLE
- ◇ ABANDONED OIL WELL
- ◇ TEMP ABAND OIL WELL
- ◇ WATER INPUT WELL
- PROPOSED PRODUCER
- UNIT AREA

SCALE IN FEET
0 1000 2000 3000

DATE

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

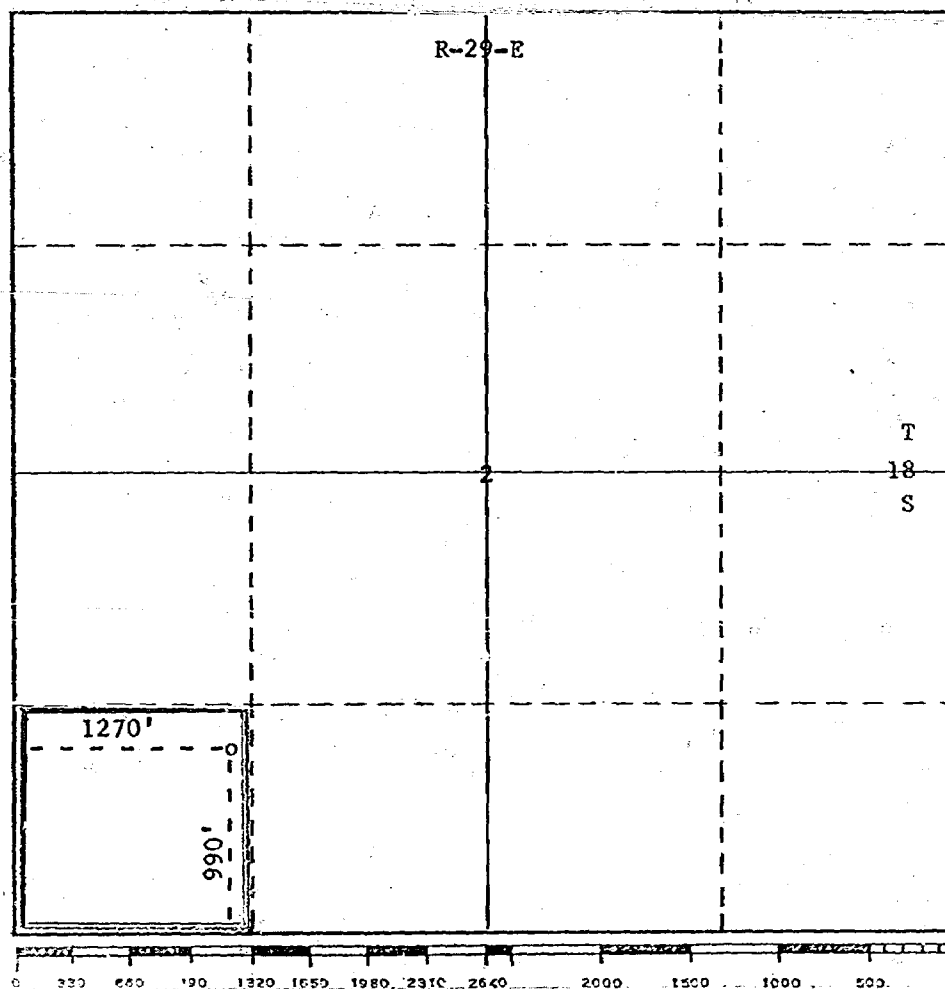
Operator Newmont Oil Company		Lease West Loco Hills Unit		Well No. 31-3
Unit Letter M	Section 2	Township T-18-S	Range R-29-E	County Eddy
Actual Footage Location of Well: 990 feet from the South line and 1270 feet from the West line				
Ground Level Elev. 3506	Producing Formation Grayburg	Pool Loco Hills	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
Harmon J. Pelletier
Position
Division Superintendent

Company
Newmont Oil Company

Date
11-16-65

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

November 16, 1965

Date Surveyed

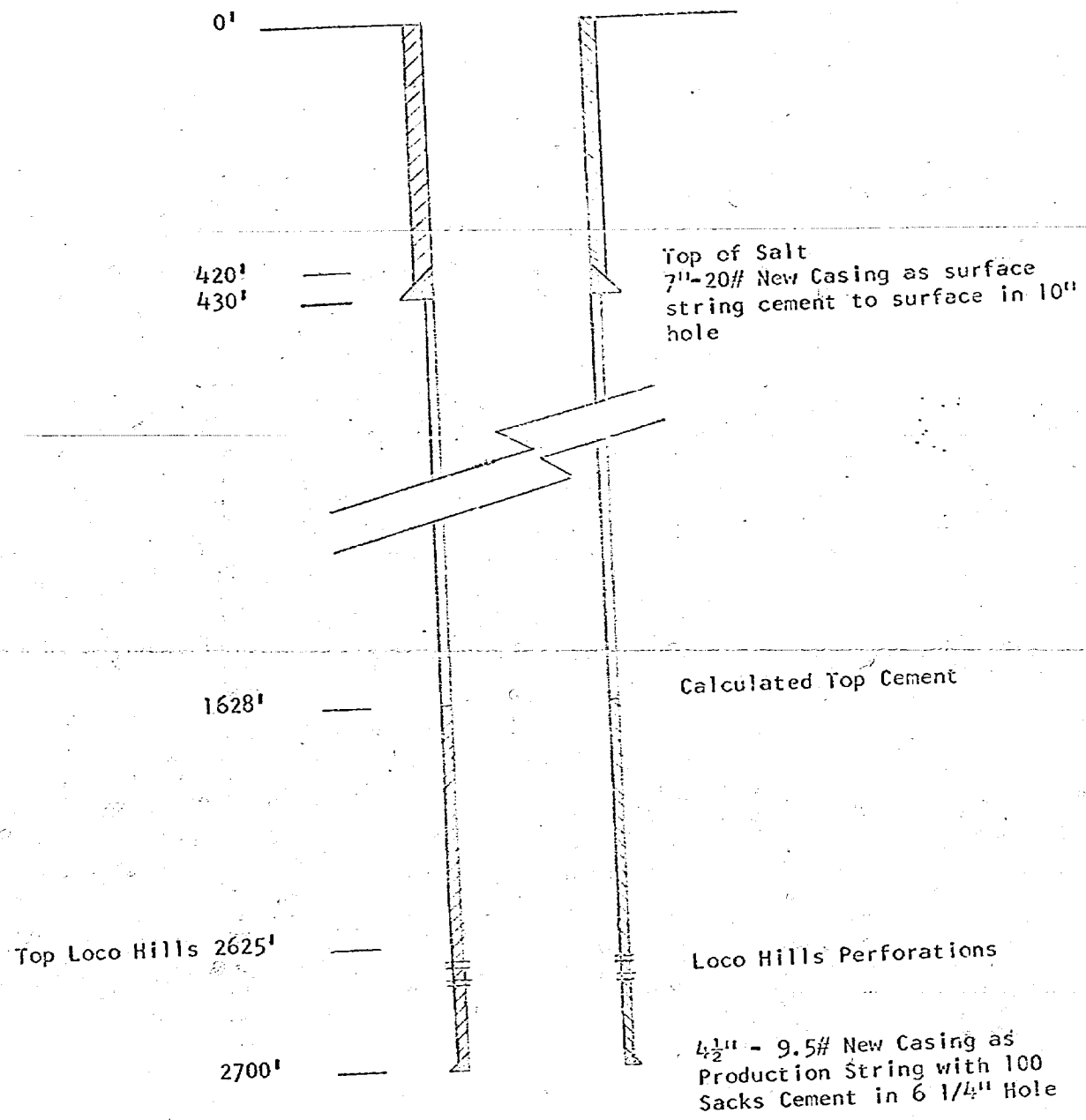
Registered Professional Engineer and/or Land Surveyor

James H. Brown
Certificate No.
542

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Aspen EXHIBIT NO. B
CASE NO. 3324

HEWITT OIL COMPANY
WEST LOCO HILLS UNIT WELL 31-3
DIAGRAMMATIC SKETCH PROPOSED WELL
WITH ANTICIPATED DEPTH INTERVALS
990 FT. FSL and 1310 FT. FWL
SEC. 2 T18S R29E
EDDY COUNTY, NEW MEXICO

EXHIBIT "B"



9/22/65

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 19, 1965

EXAMINER HEARING

IN THE MATTER OF:

Application of Newmont Oil Company for
an unorthodox location, Eddy County,
New Mexico. Applicant, in the above-
styled cause, seeks authority to drill
a producing oil well at an unorthodox
location 990 feet from the South line
and 1310 feet from the West line of
Section 2, Township 18 South, Range
29 East, Loco Hills Pool, Eddy County,
New Mexico.

Case No. 3324

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING





MR. NUTTER: We will call Case 3324.

MR. DURRETT: Application of Newmont Oil Company
for an unorthodox location, Eddy County, New Mexico.

MR. RUSSELL: I am John F. Russell, Attorney, Roswell,
New Mexico, appearing on behalf of the Applicant, and I have
one witness.

(Witness sworn.)

HERMAN LEDBETTER

called as a witness, having been first duly sworn on oath, was
examined and testified as follows:

DIRECT EXAMINATION

BY MR. RUSSELL:

Q Will you please state your name?

A I am Herman Ledbetter.

Q By whom are you employed?

A Newmont Oil Company.

Q In what capacity?

A Division Superintendent at Artesia, New Mexico.

Q Have you previously qualified to testify before the
Examiner?

A Yes.

Q Are you familiar with Newmont Oil Company's
application in Case 3324?

A Yes, sir.

Q What is the purpose of this application?

A The purpose of this application is to ask to drill an unorthodox producing well in Section 2, 18, 29, in the West Loco Hills Grayburg No. 4 Sand Unit.

Q That flood has been previously authorized by the Commission, has it not?

A Yes, sir.

Q And Newmont Oil Company is the operator of the unit?

A Yes, sir.

(Whereupon, Applicant's Exhibits Nos. A and B marked for identification.)

Q Now I'll refer you to what has been marked as Applicant's Exhibit A, and ask you what that exhibit reflects.

A This is a map showing the West Loco Hills unit area. The heavy dashed line is the unit boundary, the red circle indicates, with the red arrow pointing to it, is the proposed producing location to be drilled.

Q What is the location of that proposed well?

A It's 1310 feet from the West line and 990 feet from the South line of Section 2, Township 18 South, Range 29 East.

Q What is the reason for your requesting an unorthodox location for this well?

A In the original drilling of the pool, many of the wells were drilled off of the center location of the 40 acres,





and in establishing a waterflood pattern has made many of the patterns non-uniform. In this particular 40 acres in which this well is to be drilled, it has no producing well, no well at all on the location at this time; and we would like to drill it at this location to make this pattern as uniform as possible.

Q Now the wells which are locations colored in blue are those injection wells?

A Yes, all the wells colored in blue on this map are injection wells at the present time, except the one noted as 41-1. This location is not injecting at this particular time. We anticipate making an administrative application to convert this 41-1 to injection if this producing well location is approved.

Q Now, in the event it should not be approved, in your opinion will it cause waste and if so, why?

A In my opinion it would lessen the recovery from this area that is enclosed in the black lines surrounding this well. I feel like a center location would recover more oil more efficiently than any other location, and this is as close to the center as we can get.

Q In the absence of such production well being ringed by the five injection wells, there would be oil which would not be recovered if this was not approved?

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A Very definitely.

Q I'll refer you to what has been marked as Exhibit B, and ask you what that exhibit shows.

A This is a diagrammatic sketch of the proposed completion procedure and casing that we will use in this well. This is a normal completion in this field where we set the surface pipe at or into the, slightly into the salt zone, and set the oil string back up the surface pipe, cement it with 50 sacks of cement, the surface pipe and the oil string; cement it through the entire zone with 100 sacks. This calls for 4-1/2 inch oil string and 7-inch surface pipe.

Q Referring you back again to Exhibit A, the granting of this application in your opinion would protect the correlative rights of those having an interest in the oil in place within the area circled by the injection wells, is that correct?

A Yes, sir. The royalty and working interest in this entire area is unitized.

MR. RUSSELL: Mr. Examiner, at this time I would like to offer in evidence Applicant's Exhibits A and B.

MR. NUTTER: Applicant's Exhibits A and B are admitted in evidence.

(Whereupon, Applicant's Exhibits Nos. A and B offered and admitted in evidence.)

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MR. RUSSELL: I have no further questions of this witness.

MR. NUTTER: Does anyone have any questions of Mr. Ledbetter? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Russell?

MR. RUSSELL: I have nothing further.

MR. NUTTER: Does anyone have anything further to offer in Case 3324? We will take the case under advisement.

* * * *

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Court Reporter - Notary Public, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.
WITNESS my Hand and Seal this 9th day of November, 1965.

Ada Dearnley
Court Reporter - Notary Public

My Commission Expires:
June 19, 1967.

I hereby certify that the foregoing is a complete record of the proceedings in a hearing of Case No. 3324, held by me on 10/19/65.
[Signature]
Examiner
New Mexico Oil Conservation Commission