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PAUL A. COOTER
Of Counsel

OFFICES IN
Albuquerque, Austin, and El Paso

April 2, 1998

Oil Conservation Division
PO Box 6429
Santa Fe, NM 87505

11473

Re: Application of Shahara Oil, LLC, for (1) Approval of a Waterflood/Enhanced Oil Recovery Project, Eddy County, New Mexico, (2) Approval of Five Unorthodox Oil Well Locations within that Project and (3) Qualification of that Project for the Recovered Oil Tax Rate

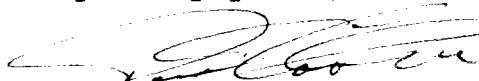
Gentlemen:

Enclosed are three copies of the captioned application. Would you please place the same on the earliest possible docket for Examiner hearing.

As the Examiner will note, the Oil Conservation Division's Form C-108 is referenced in Paragraph 9 of the Application, but the same is not attached as an exhibit. Shahara Oil is completing that form and the same will be mailed to you within the next few days.

Appreciating your courtesy to us, I am

Very truly yours,



Paul A. Cooter

PAC/smb
enclosure
cc w/enc.: Perry Hughes

BEFORE THE OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT
OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF
SHAHARA OIL, LLC, FOR (1) APPROVAL OF
A WATERFLOOD/ENHANCED OIL RECOVERY
PROJECT, EDDY COUNTY, NEW MEXICO,
(2) APPROVAL OF FIVE UNORTHODOX
OIL WELL LOCATIONS WITHIN THAT PROJECT
AND (3) QUALIFICATION OF THAT PROJECT
FOR THE RECOVERED OIL TAX RATE.

CASE NO. _____

APPLICATION

SHAHARA OIL, LLC, a New Mexico limited liability company, the "Applicant," whose address is 207 W. McKay, Carlsbad, New Mexico 88220, applies for an Order (1) approving a waterflood/enhanced oil recovery project within the Queen, Grayburg and San Andres formations of the Loco Hills, Queen, Grayburg, San Andres Pool covering the lands hereafter described in Eddy County, New Mexico, (2) approving five new proposed unorthodox oil well locations within that project, and (3) qualifying that project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act," N.M. Stat. Ann. § 7-29A-1, et seq. (1978). In support thereof, Applicant states:

1. Applicant is the general partner of Mountaineer Limited Partnership, which owns the majority (74.5%) working interest in the operating rights under the following described lands in Eddy County, New Mexico, to wit:

Township 17 South, Range 30 East, N.M.P.M.

Section 29: S/2SW/4, SW/4SE/4

Section 31: NE/4, SW/4

comprising 440 acres, more or less, from the surface to the base of San Andres formation, which lands are included with other lands in that certain Oil and Gas Lease heretofore issued by the United States of America, lessor, to Premier Petroleum Corporation, lessee, dated October 1, 1942, and bearing Serial Number LC-060529. The owners of the remaining working interest have entered into an Operating Agreement wherein Applicant has been duly designated Operator of the property.

2. Pursuant to Order No. R-2031 dated July 13, 1961, the Oil Conservation Commission authorized General American Oil Company of Texas to institute a waterflood in the Loco Hills Sand of the Loco Hills Pool underlying the NE/4 and SW/4 of said Section 31 together with 40 acres in the adjacent Section 36 in Township 17 South, Range 29 East by the injection of water into the following described wells in said Section 31 to be converted from producing wells, to wit:

Beeson "F" Well No. 2 located 330' FSL and 330' FWL

Beeson "F" Well No. 4 located 1650' FSL and 2310' FWL

Beeson "F" Well No. 5 located 2310' FNL and 1650' FEL

Beeson "F" Well No. 11 located 1650' FNL and 330' FEL

and to drill the following described new injection wells at unorthodox locations in said Section 31, to wit:

Beeson "F" Well No. 16 located 2310' FSL and 1300' FWL

Beeson "F" Well No. 17 located 2615' FSL and 25' FWL

A copy of that Order No. R-2031 is attached hereto, marked Exhibit "A." The Beeson "F" Well Nos. 16 and 17 were thereafter drilled.

3. Order No. R-2031 was later supplemented by the following orders of the Oil Conservation Commission, to wit:

Order No. R-2031-A dated October 3, 1962 which authorized the injection of water into the Loco Hills Sand of the Grayburg formation in the Beeson "F" Well No. 10, located 990' FNL and 1650' FEL of said Section 31; a copy of that order is attached hereto, marked Exhibit "B."

Administrative Order WFX No. 155 dated November 8, 1963 which authorized the injection of water into the Grayburg-San Andres formations in the Beeson "F" Well No. 13 located in the NE/4SW/4 of said Section 31; a copy of that order is attached hereto, marked Exhibit "C."

Administrative Order WFX No. 165 dated January 31, 1964 which authorized the injection of water into the Grayburg-San Andres formations in the Beeson "F" Well No. 7 located in the NE/4NE/4 of said Section 31; a copy of that order is attached hereto, marked Exhibit "D."

Administrative Order WFX No. 186 dated October 30, 1964 which authorized the injection of water into the Grayburg formation in the Beeson "F" Well No. 6 located in the SE/4NE/4 of said Section 31; a copy of that order is attached hereto, marked Exhibit "E."

4. Applicant has no information as to how long that waterflood continued, but the same ceased some time before Applicant purchased the property heretofore described in paragraph 1 of this Application from River Hill Energy Corporation and Bargo Energy Partners II, Ltd., who then owned all of the working interest in the property, effective August 1, 1995 at 7:00 am.

5. At the time Applicant purchased the property, the Beeson "F" Well Nos. 2, 7 and 11 (authorized injection wells) were, and still remain, producing wells, but the same have reached an advanced state of depletion and are now regarded as "stripper" wells. The Beeson "F" Well Nos. 4 and 5 had been temporarily

abandoned. The Beeson "F" Well Nos. 6, 10, 13, 16 and 17 were all plugged and abandoned and will remain so, except possibly for the Beeson "F" Well Nos. 6 and 13 where an effort will be made to reenter those well bores and recomplete the same as injection wells.

6. Applicant proposes to inject water into the Queen, Grayburg and San Andres formations underlying the property heretofore described in paragraph 1 of this Application through the following injection wells, to wit:

Beeson "F" Well No. 2 located 330' FSL and 330' FWL, Unit M, Section 31

Beeson "F" Well No. 3 located 345' FSL and 2310' FWL, Unit N, Section 31

Beeson "F" Well No. 5 located 2310' FNL and 1650' FSL, Unit G, Section 31

Beeson "F" Well No. 6 located 2310' FNL and 330' FEL, Unit H, Section 31

Beeson "F" Well No. 7 located 990' FNL and 330' FEL, Unit A, Section 31

Beeson "F" Well No. 8 located 330' FSL and 1650' FEL, Unit O, Section 29

Beeson "F" Well No. 9 located 330' FSL and 2310' FWL, Unit N, Section 29

Beeson "F" Well No. 11 located 1650' FNL and 330' FEL, Unit H, Section 31

Beeson "F" Well No. 12 located 990' FSL and 1571' FWL, Unit N, Section 31

Beeson "F" Well No. 13 located 2310' FSL and 2232' FWL, Unit K, Section 31

Beeson "F" Well No. 26 located 1976' FSL and 820' FWL, Unit L, Section 31

Beeson "F" Well No. 27 located 1015' FNL and 1524' FEL, Unit B, Section 31

If the reentry effort into the Beeson "F" Well No. 13 is not successful, the Beeson "F" Well No. 4 located 1650' FSL and 330' FEL, Unit K, Section 31, will be substituted as an injection well in its place.

7. As part of the proposed operations, Applicant intends to drill a maximum of 11 new producing wells, five of which will be at unorthodox locations, to wit:

Beeson "F" Federal Well No. 18 to be located
1000' FSL and 2225' FWL, Unit N, Section 31

Beeson "F" Federal Well No. 19 to be located
337' FSL and 1279' FWL, Unit M, Section 31

Beeson "F" Federal Well No. 22 to be located
1974' FNL and 992' FEL, Unit H, Section 31

Beeson "F" Federal Well No. 23 to be located
361' FSL and 2334' FEL, Unit O, Section 29

Beeson "F" Federal Well No. 24 to be located
1340' FNL and 904' FEL, Unit H, Section 31

None of those locations are closer than 330' to an exterior boundary of the project.

8. The source of water for the project will be the water produced from Applicant's wells within the project, together with produced water purchased from other operators in the immediate area.

9. A copy of the Oil Conservation Division's Form C-108 with its attachments will be filed and mailed to offsetting operators in a timely manner prior to hearing.

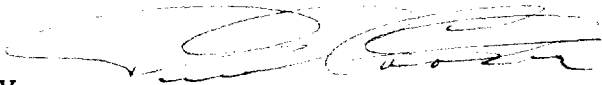
10. The project will prevent waste and result, with reasonable probability in the increased recovery of approximately 808,800 barrels of oil and 108.3 mmcf of gas.

11. The estimated costs of the project are capital expenditures of approximately \$2,850,000 and operating costs of \$4,164,300, for a total of \$7,014,300. The estimated value of the additional production to be recovered from the proposed project is \$17,642,760.

WHEREFORE, Applicant requests that this Application be set for hearing before one of the Division's Hearing Examiners at the earliest possible date, and that after such hearing, the Division enter its Order (1) approving the proposed waterflood/enhanced oil recovery project, (2) approving the five new proposed unorthodox oil well locations within the project, and (3) qualifying the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act."

Respectfully submitted,

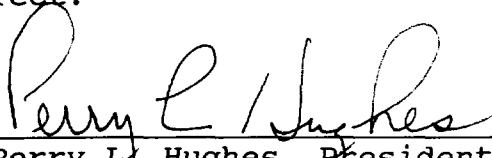
KEMP, SMITH, DUNCAN & HAMMOND, P.C.



By _____
Paul A. Cooter
500 Marquette NW, Suite 1200
P.O. Box 1276
Albuquerque, New Mexico 87103
(505) 247-2315

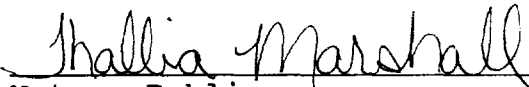
STATE OF NEW MEXICO
COUNTY OF EDDY

The undersigned Perry L. Hughes, being duly sworn upon his oath, states that he is the president of Shahara Oil LLC, a New Mexico limited liability company, that he is familiar with the matters and facts set forth in the foregoing Application, and that the same are true and correct.


Perry L. Hughes, President

Subscribed and sworn to this 30th day of March, 1998.




Thallia Marshall
Notary Public

My commission expires:

November 6, 2000

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

O. C. C.
ARTESIA, OFFICE

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

CASE No. 2334
Order No. R-2031

APPLICATION OF GENERAL AMERICAN
OIL COMPANY OF TEXAS FOR PERMIS-
SION TO INSTITUTE A WATERFLOOD
PROJECT IN THE LOCO HILLS POOL,
EDDY COUNTY, NEW MEXICO, AND FOR
SPECIAL ALLOWABLES IN CONNECTION
THEREWITH.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 6, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, 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 13th day of July, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, General American Oil Company of Texas, is the owner and operator of Federal Lease LC 060529, comprising in pertinent part the NE/4 and the SW/4 of Section 31, Township 17 South, Range 30 East, and of the State Lease B-1778, comprising in pertinent part the SE/4 SE/4 of Section 36, Township 17 South, Range 29 East, all in Eddy County, New Mexico.

(3) That said leases are direct offsets 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 seeks authority to institute a waterflood project on the above-described leases 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. 2334
Order No. R-2031

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

✓ Beeson "F" No. 2, located
330 feet from the South
line and 330 feet from the
West line,

✓ Beeson "F" No. 4, located
1650 feet from the South
line and 2310 feet from the
West line,

✓ Beeson "F" No. 5, located
2310 feet from the North
line and 1650 feet from the
East line,

✓ Beeson "F" No. 11, located
1650 feet from the North
line and 330 feet from the
East 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:

State "A" No. 2, located
1295 feet from the South
line and 990 feet from the
East line of Section 36,
Township 17 South, Range
29 East,

✓ Beeson "F" No. 16, located
2310 feet from the South
line and 1300 feet from the
West line of Section 31,
Township 17 South, Range
30 East,

✓ Beeson "F" No. 17, located
2615 feet from the South
line and 25 feet from the
West line of 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 cause proposes to inject at equivalent rates and requests special allowables for its producing wells.

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O.C.C.
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CASE No. 2334
Order No. R-2031

(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
SE/4 NE/4 NE/4, S/2 NE/4, SW/4

SECTION 36, TOWNSHIP 17 SOUTH, RANGE 29 EAST
SE/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 Rules and Regulations, the project area being limited to that portion of the subject leases 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.

(10) That the applicant should be permitted to drill its Beeson "F" Well No. 15 as an additional producing well at an unorthodox location 1660 feet from the North line and 1480 feet from the East line of Section 31, Township 17 South, Range 30 East.

(11) That Order No. R-1970 entered in Case No. 2238 should be superseded.

IT IS THEREFORE ORDERED:

(1) That the applicant, General American Oil Company of Texas, is hereby authorized to institute a waterflood in the Loco Hills Sand of the Loco Hills Pool on its Federal Lease LC 060529, comprising the NE/4 and the SW/4 of Section 31, Township 17 South, Range 30 East, and on its State Lease B-1778, comprising the SE/4 SE/4 of Section 36, Township 17 South, Range 29 East, all in Eddy County, New Mexico, by the injection of water into the following-described wells to be converted from producing wells:

Beeson "F" No. 2, located
330 feet from the South
line and 330 feet from the
West line,

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D. C. C.
ARTESIA, OFFICE

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CASE No. 2334
Order No. R-2031

Beeson "F" No. 4, located
1650 feet from the South
line and 2310 feet from the
West line,

Beeson "F" No. 5, located
2310 feet from the North
line and 1650 feet from the
East line,

Beeson "F" No. 11, located
1650 feet from the North
line and 330 feet from the
East 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:

State "A" No. 2, located
1295 feet from the South
line and 990 feet from the
East line of Section 36,
Township 17 South, Range
29 East,

Beeson "F" No. 16, located
2310 feet from the South
line and 1300 feet from the
West line of Section 31,
Township 17 South, Range
30 East,

Beeson "F" No. 17, located
2615 feet from the South
line and 25 feet from the
West line of 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
SE/4 NE/4 NE/4, S/2 NE/4, SW/4

SECTION 36, TOWNSHIP 17 SOUTH, RANGE 29 EAST
SE/4 SE/4

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D. C. C.
SANTA FE, N.M. OFFICE

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CASE No. 2334
Order No. R-2031

(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 leases 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 the applicant is hereby authorized to drill its Beeson "F" Well No. 15 as a producing well, at an unorthodox location 1660 feet from the North line and 1480 feet from the East line of Section 31, Township 17 South, Range 30 East.

(6) That Order No. R-1970 entered in case No. 2238 is hereby superseded.

(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

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

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D. C. B.
SECRETARY

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. 2633
Order No. R-2031-A

APPLICATION OF GENERAL AMERICAN OIL
COMPANY OF TEXAS FOR EXPANSION OF A
WATERFLOOD PROJECT IN THE LOCO HILLS
POOL, RDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 11, 1962, at Santa Fe, New Mexico, before Elvis A. Utz, 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 3rd day of October, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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-2031, entered in Case No. 2334 on July 13, 1961, the applicant was authorized to institute a waterflood project in the Loco Hills sand of the Loco Hills Pool, by the injection of water into certain wells fully described in said order.

(3) That by said Order No. R-2031, the following-described buffer zone was established wherein water could be injected and wells produced at rates comparable with those in the Newmont waterflood Project:

SECTION 31, TOWNSHIP 17 SOUTH, RANGE 30 EAST
SE/4 NE/4 NE/4, S/2 NE/4, SW/4

SECTION 36, TOWNSHIP 17 SOUTH, RANGE 29 EAST
SE/4 SE/4

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CASE No. 2633
Order No. R-2031-A

(4) That the applicant now seeks extension of the buffer zone created by Order No. R-2031 by addition of the following acreage:

SECTION 31, TOWNSHIP 17 SOUTH, RANGE 30 EAST
SW/4 NE/4 NE/4, S/2 NW/4 NE/4

(5) That the applicant further seeks authority to convert to water injection its Beeson F No. 10 Well, located 990 feet from the North line and 1650 feet from the East line of Section 31, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, and to inject water through said well into the Loco Hills Sand of the Grayburg formation.

(6) That approval of the subject application will increase ultimate recovery of oil which otherwise might not be recovered, and will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That Order No. R-2031, entered in Case No. 2334 on July 13, 1961, is hereby amended by the addition of the following-described acreage to the buffer zone established in said order:

SECTION 31, TOWNSHIP 17 SOUTH, RANGE 30 EAST
SW/4 NE/4 NE/4, S/2 NW/4 NE/4

(2) That Order No. R-2031, entered in Case No. 2334 on July 13, 1961, is hereby amended by the addition of applicant's Beeson F No. 10 Well, located 990 feet from the North line and 1650 feet from the East line of Section 31, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, to those wells approved by said order for the injection of water in the Loco Hills Sand of the Loco Hills Pool. ✓

(3) That Order No. R-2031, entered in Case No. 2334 on July 13, 1961, shall remain in full force and effect except as amended by this order.

(4) 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

M. B. WALKER, Member

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

S E A L

esr/

APPLICATION OF GENERAL AMERICAN OIL
COMPANY OF TEXAS TO EXPAND ITS LOCO
HILLS WATER FLOOD PROJECT IN THE
LOCO HILLS POOL IN EDDY COUNTY, NEW
MEXICO.

ADMINISTRATIVE ORDER
WFX NO. 155

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION COMMISSION

Under the provisions of Rule 701, General American Oil Company of Texas has made application to the Commission on October 24, 1963, for permission to expand its Loco Hills Water Flood Project in the Loco Hills Pool, Eddy County, New Mexico,

NOW, on this 8th day of November, 1963, the Secretary-Director finds:

1. That application has been filed in due form.
2. That satisfactory information has been provided that all offset operators have been duly notified of the application.
3. That no objection has been received within the waiting period as prescribed by Rule 701.
4. That the proposed injection wells are eligible for conversion to water injection under the terms of Rule 701.
5. That the proposed expansion of the above referenced water flood project will not cause waste nor impair correlative rights.
6. That the application should be approved.

IT IS THEREFORE ORDERED:

That the applicant, General American Oil Company of Texas, be and the same is hereby authorized to inject water into the Grayburg-San Andres formation through the following described wells for purposes of secondary recovery, to wit:

✓ Beeson F Well No. 13 located in the NE/4 SW/4 of Section 31, Township 17 South, Range 30 East, NMPM. State B-1778 Well No. 3 located in the SE/4 SE/4 of Section 36, Township 17 South, Range 29 East, NMPM. ✓

PROVIDED HOWEVER, That applicant shall inject water through tubing with a packer set near the bottom of the 7-inch casing in State B-1778 Well No. 3.

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

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L. C. E.
ASST. DIR.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

A. L. PORTER, Jr.,
Secretary-Director

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Exhibit C

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O. C. C.
ARTESIA, OFFICE

APPLICATION OF GENERAL AMERICAN
OIL COMPANY OF TEXAS TO EXPAND
ITS LOCO HILLS SAND WATER FLOOD
PROJECT IN THE LOCO HILLS POOL
IN EDDY COUNTY, NEW MEXICO.

Administrative Order
WFX No. 165

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION COMMISSION

Under the provisions of Rule 701, General American Oil Company of Texas has made application to the Commission on January 23, 1964, for permission to expand its Loco Hills Sand Water Flood Project in the Loco Hills Pool, Eddy County, New Mexico.

NOW, on this 31st day of January, 1964, the Secretary-Director finds:

1. That application has been filed in due form.
2. That satisfactory information has been provided that all offset operators have been duly notified of the application.
3. That waivers of objection have been received by offsetting operators.
4. That the proposed injection well is eligible for conversion to water injection under the terms of Rule 701.
5. That the proposed expansion of the above-referenced water flood project will not cause waste nor impair correlative rights.
6. That the application should be approved.

IT IS THEREFORE ORDERED:

That the applicant, General American Oil Company of Texas, be and the same is hereby authorized to inject water into the Grayburg-San Andres formation through the following-described well for purposes of secondary recovery, to wit:

✓ Beeson "F" Well No. 7 located in the NE/4 NE/4 of Section 31, Township 17 South, Range 30 East, NMPM. ✓

PROVIDED HOWEVER, That applicant shall inject water through tubing with a packer set at approximately 2660 feet in 7-inch casing of said well.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

A. L. PORTER, Jr.
Secretary-Director

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APPLICATION OF GENERAL AMERICAN
OIL COMPANY OF TEXAS TO EXPAND
ITS LOCO HILLS WATER FLOOD PROJECT
IN THE LOCO HILLS POOL IN EDDY
COUNTY, NEW MEXICO.

O. C. C.
ARTESIA, OFFICE

ADMINISTRATIVE ORDER
WFX-186

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION COMMISSION

Under the provisions of Rule 701, General American Oil Company of Texas has made application to the Commission on October 15, 1964, for permission to expand its Loco Hills Water Flood Project in the Loco Hills Pool, Eddy County, New Mexico.

NOW, on this 30th day of October, 1964, the Secretary-Director finds:

1. That application has been filed in due form.
2. That satisfactory information has been provided that all offset operators have been duly notified of the application.
3. That no objection has been received within the waiting period as prescribed by Rule 701.
4. That the proposed injection wells are eligible for conversion to water injection under the terms of Rule 701.
5. That the proposed expansion of the above-referenced water flood project will not cause waste nor impair correlative rights.
6. That the application should be approved.

IT IS THEREFORE ORDERED:

That the applicant, General American Oil Company of Texas, be and the same is hereby authorized to inject water into the Grayburg formation through the following described wells for purposes of secondary recovery, to wit:

✓ Beeson F Well No. 6 located in the SE/4 NE/4 of Section 31, Township 17 South, Range 30 East, NMPM, and State
B Well No. 1 located in the SE/4 SE/4 of Section 36, Township 17 South, Range 29 East, NMPM.

PROVIDED HOWEVER, That applicant shall inject water through tubing with packers set near the setting depth of the production casing in said wells.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

A. L. PORTER, Jr.,
Secretary-Director

SEAL



EXHIBIT E

RECEIVED

NOV 6 1964

APPLICATION OF GENERAL AMERICAN
OIL COMPANY OF TEXAS TO EXPAND
ITS LOCO HILLS WATER FLOOD PROJECT
IN THE LOCO HILLS POOL IN EDDY
COUNTY, NEW MEXICO.

O. C. O.
ARTESIA, OFFICE

ADMINISTRATIVE ORDER
WFX-186

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION COMMISSION

Under the provisions of Rule 701, General American Oil Company of Texas has made application to the Commission on October 15, 1964, for permission to expand its Loco Hills Water Flood Project in the Loco Hills Pool, Eddy County, New Mexico.

NOW, on this 30th day of October, 1964, the Secretary-Director finds:

1. That application has been filed in due form.
2. That satisfactory information has been provided that all offset operators have been duly notified of the application.
3. That no objection has been received within the waiting period as prescribed by Rule 701.
4. That the proposed injection wells are eligible for conversion to water injection under the terms of Rule 701.
5. That the proposed expansion of the above-referenced water flood project will not cause waste nor impair correlative rights.
6. That the application should be approved.

IT IS THEREFORE ORDERED:

That the applicant, General American Oil Company of Texas, be and the same is hereby authorized to inject water into the Grayburg formation through the following described wells for purposes of secondary recovery, to wit:

Beeson F Well No. 6 located in the SE/4 NE/4 of Section 31, Township 17 South, Range 30 East, NMPM, and State B Well No. 1 located in the SE/4 SE/4 of Section 36, Township 17 South, Range 29 East, NMPM.

PROVIDED HOWEVER, That applicant shall inject water through tubing with packers set near the setting depth of the production casing in said wells.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

A. L. PORTER, Jr.,
Secretary-Director

SEAL