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LAW OFFICES
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ARTESIA, NEW MEXICO

AREA CODE 505
746-3508

25 May 1964

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

Enclosed herewith you will please find triplicate copies of the Application of Kennedy Oil Company to modify Order R-1110-C of the Commission by deleting the SE/4 SW/4 of Section 20, Township 16 South, Range 31 East, from the Newmont Oil Company Square Lake waterflood project area or in the alternative to designate the N/2 SW/4 of Section 20 as a buffer zone and for capacity allowances for the wells thereon. Also enclosed is the map of the area which has been referred to in the application as Exhibit "A".

We are furnishing Mr. Langdon with a copy of this application.

Very truly yours,


A. J. Losee

AJL/bk

DOCKET MAILED

Enclosures

Date 6-1-64

cc Mr. Charles C. Langdon
Vice President
Newmont Oil Company
1135 Texas National Bank Building
Houston, Texas 77002

Kennedy Oil Company
Box 151
Artesia, New Mexico

DOCKET MAILED
Date 6-1-64

1964 APR 15 AM 13

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
KENNEDY OIL COMPANY FOR DESIGNATION)
OF THE N/2 SW/4 SECTION 20, TOWNSHIP)
16 SOUTH, RANGE 31 EAST, AS A BUFFER)
ZONE AND FOR CAPACITY ALLOWABLES FOR)
THE ROWLEY FEDERAL WELLS NOS. 1 AND)
2 THEREON.)

NO. 3035

APPLICATION

COMES KENNEDY OIL COMPANY by its attorneys, Losee
and Stewart, and states:

1. That it is the operator of the Rowley Federal Well
No. 1 (completed on February 5, 1964) and the Rowley Federal
Well No. 2 (completed on March 26, 1964) located upon the lands
in Eddy County, New Mexico covered by this application and de-
scribed as follows:

Township 16 South, Range 31 East, N.M.P.M.

Township 20: N/2 SW/4

and containing 80 acres, more or less.

That both of said wells are completed in the Grayburg-San
Andres Formations and are capable of making oil in excess
of the Southeastern New Mexico allowable.

2. That said lands are offset by a nonproducing
lease of Superior Oil Company and by producing leases of the
following companies:

Western Oil Fields, Inc.
DOB Oil Properties, Inc.
Newmont Oil Company

3. That Newmont Oil Company has commenced drilling a well in the SE/4 SW/4 of said Section 20 and applicant believes the same will be completed as a producing well in the Grayburg-San Andres formation prior to hearing on this application.

4. That the SE/4 SW/4 of said Section 20 is within the waterflood project area established by Oil Conservation Commission Order No. R-1110-C permitting capacity allowables and Applicant is informed that Newmont Oil Company will produce its well on this 40-acre tract at capacity and in excess of Southeastern New Mexico allowables.

5. That Applicant requests the designation of the N/2 SW/4 said Section 20 as a buffer zone with capacity allowables assigned for its wells 1 and 2 thereon.

6. That unless this application is granted and applicant is permitted to produce its wells at the same rate as the Newmont Oil Company well in the SE/4 SW/4 said Section 20, then applicant's oil will be confiscated and the correlative rights of applicant and its overriding royalty interest owners will be irreparably damaged.

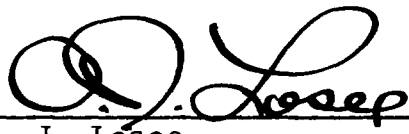
WHEREFORE, Applicant prays the orders of the Commission, as follows:

1. That this matter be set for hearing before an examiner duly appointed by the Commission and that notice thereof be given as required by law.

2. That after hearing an order be entered designating the above described lands of applicant as a buffer zone and authorizing capacity allowables for applicant's wells thereon.

3. And for such other relief as may be just in the premises.

LOSEE AND STEWART

By 
A. J. Losee
P. O. Drawer 239
Artesia, New Mexico

Attorneys for Kennedy Oil Company.

2. That Newmont Oil Company is the operator of the Grier No. 4 well (completed on May 8, 1964) located upon the lands in Eddy County, New Mexico covered by this application and described as follows:

Township 16 South, Range 31 East, N.M.P.M.

Section 20: SE/4 SW/4.

That said well is completed in the Grayburg-San Andres Formation and is capable of producing approximately 292 barrels of oil per day and said well is producing at this rate in accordance with the capacity allowable assigned by the Oil Conservation Commission of New Mexico (hereinafter referred to as "Commission") in the order mentioned paragraph 3 of this application.

3. That on June 7, 1962, the Commission entered its Order No. R-1110-C in Case No. 2566 providing for the expansion by Newmont Oil Company of its Square Lake waterflood project, Eddy County, New Mexico, to include among other lands the SE/4 SW/4 Section 20, Township 16 South, Range 31 East, and reserving jurisdiction of the cause for the entry of such further orders as the Commission may deem necessary. In this order the Commission also assigned capacity allowable to the waterflood project.

4. That a plat showing the location of the above described Kennedy Oil Company and Newmont Oil Company wells and the location of all other wells and the names of the lessees

within a radius of two miles is hereto attached, marked Exhibit "A" for identification and by reference made a part hereof.

5. The Newmont Oil Company Grier No. 4 well is offset by the injection well in the SW/4 SW/4 of said Section 20 known as Newmont Oil Company Grier No. 3 well. Newmont Oil Company has been injecting water in substantial quantities in its Grier No. 3 well for approximately the past two years.

6. The applicant believes that the Grier No. 3 well has not materially contributed to the production from the Rowley Federal Wells Nos. 1 and 2 and Newmont Oil Company Grier No. 4 wells but to the contrary, said recently completed wells would be producing at substantially their present capabilities even if the Grier No. 3 well had not been on water injection for the past two years.

7. That the area of the Newmont Oil Company Grier No. 4 well and Rowley Federal Wells Nos. 1 and 2 is not in an advanced state of depletion and applicant believes that a substantial and material portion of the oil produced by or capable of being produced by said wells, is primary oil that can be recovered under normal primary operations.

8. That approval of a modification of Commission Order No. R-1110-C deleting the SE/4 SW/4 Section 20 from the Newmont Oil Company Square Lake waterflood project area and reassigning to such tract the normal Southeastern New Mexico unit allowable will prevent waste and protect correlative rights.

9. That in the alternative, the designation of the N/2 SW/4 of Section 20 as a buffer zone adjacent to a waterflood project and assigning to said zone capacity allowables for the Kennedy Oil Company Rowley Federal Wells Nos. 1 and 2 will prevent waste and protect correlative rights.

WHEREFORE, applicant prays the orders of the Commission as follows:

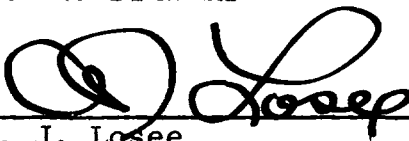
1) That this matter be set for hearing before an examiner duly appointed by the Commission and that notice thereof be given as required by law.

2) That either (a) Commission Order No. R-1110-C be modified by deleting the SE/4 SW/4 Section 20 from the Newmont Oil Company Square Lake waterflood project area and reassigning to such tract the normal Southeastern New Mexico unit allowable or (b) the N/2 SW/4 Section 20 be designated as a buffer zone adjacent to a waterflood project and assigned capacity allowable to the wells in said zone.

3) And for such other relief as may be just in the premises.

LOSEE AND STEWART

By


A. J. Losee
P. O. Drawer 239
Artesia, New Mexico

Attorneys for Applicant.