

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. 2456
Order No. R-2155

APPLICATION OF GREAT WESTERN DRILLING
COMPANY FOR APPROVAL OF THE MALMAR UNIT
AGREEMENT AND FOR AN ORDER AUTHORIZING
A WATERFLOOD PROJECT IN THE MALJAMAR
POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 11, 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 3rd day of January, 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 the applicant, Great Western Drilling Company, seeks approval of its proposed Malmar Unit Agreement covering 1,360 acres, more or less, of State and fee lands in Township 17 South, Ranges 32 and 33 East, NMPM, Lea County, New Mexico.
- (3) That approval of the proposed Malmar Unit Agreement will, in principle, tend to promote the conservation of oil and gas and the prevention of waste.
- (4) That the applicant proposes to institute a waterflood project in the Maljamar (Grayburg-San Andres) Pool on said Malmar Unit by the injection of water into the Grayburg-San Andres formation.
- (5) That the proposed waterflood project should be authorized and the operation thereof should be governed by the provisions of Rule 701 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the Malmar 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 Malmar Unit Area and such plan shall be known as the Malmar Unit Agreement Plan.

(3) That the Malmar 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 said Malmar 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 32 EAST

Section 12: S/2

Section 13: N/2 and SW/4

TOWNSHIP 17 SOUTH, RANGE 33 EAST

Section 7: S/2 and S/2 NW/4

Section 18: NW/4

comprising 1,360 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 Malmar 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.

(6) That the portion of this order relating to the approval of the Malmar Unit Agreement shall become effective upon the approval of said unit agreement by the Commissioner of Public

-3-

CASE No. 2456
Order No. R-2155

Lands for the State of New Mexico, 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 the applicant is hereby authorized to institute a waterflood project in the Maljamar (Grayburg-San Andres) Pool on said Malmar Unit by the injection of water into the Grayburg-San Andres formation through the following-described wells:

Great Western-Phillips Sprague Well No. 3, located in Unit P of Section 12, Township 17 South, Range 32 East, NMPM;

Great Western-Phillips Sprague Well No. 2, located in Unit L of Section 7, Township 17 South, Range 33 East, NMPM;

Great Western-Phillips State Well No. 5, located in Unit N of Section 7, Township 17 South, Range 33 East, NMPM;

Great Western-Fielder Trust Well No. 12, located in Unit D of Section 18, Township 17 South, Range 33 East, NMPM; and

Great Western-Fielder Trust Well No. 2, located in Unit F of Section 18, Township 17 South, Range 33 East, NMPM;

all in Lea County, New Mexico.

(8) That operation of the waterflood project herein authorized shall be governed by the provisions of Rule 701 of the Commission Rules and Regulations.

(9) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rule 704 and Rule 1119 of the Commission Rules and Regulations.

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

-4-

CASE No. 2456

Order No. R-2155

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

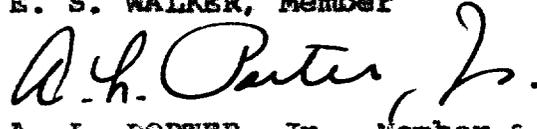
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



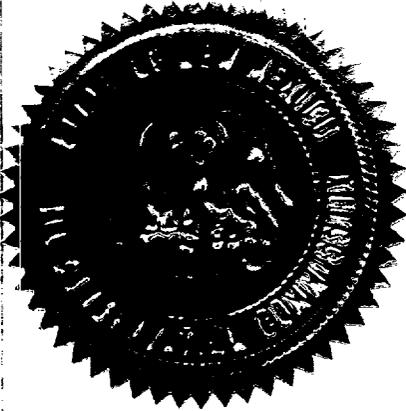
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



ear/