

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

-2-

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.

-3-

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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



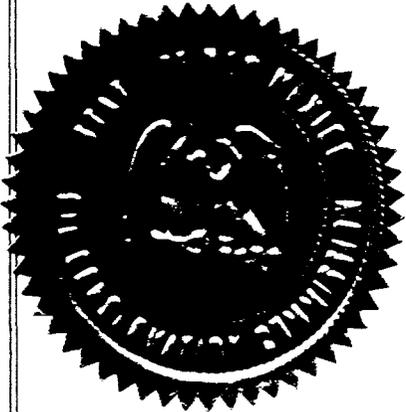
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



esr/